

# NEWS SUMMARY

## GENERAL

### Four die in Ulster riots

At least four people were killed during the weekend in Ulster, more than 20 injured, and more than 24 arrested, as riots marked the ninth anniversary of internment without trial.

Armed Provisional IRA men addressed crowds in Andersonstown, Belfast, after a march through the streets.

About 150 youth stoned police and soldiers, who responded with a volley of plastic bullets. Page 5

### Inflation 'down'

Sir Geoffrey Howe, the Chancellor, says the Government was right when a "very substantial drop" in inflation was forecast. Figures are due next Friday. Whitehall estimates suggest the current annual rate is down from 21 per cent to 17 per cent or below. Back Page

### Begin backed

Israel Premier Menachem Begin offered to resign and try to form a new Government after attacks by Agriculture Minister Ariel Sharon, who thought he should be Defence Minister. But the Cabinet said "No" and forced Sharon to apologise. Page 2

### Mao blamed

Chinese Communist Party chief Hua Guofeng, interviewed by a Yugoslav newspaper, criticised his predecessor Mao Tse-tung for "grievous" mistakes but said that some radicals took advantage of Mao's illness to hide the truth from him.

### BBC plans upset

BBC autumn TV plans are being upset by the three-week-old strike of Hollywood actors, now backed by a musicians' stoppage. Production of the new Dallas series, a star item in its schedule, is well behind. Back Page

### Toddler found

Elizabeth Peck, a two-year-old twin, from Brighton, lost in a Sussex forest on Friday when playing hide-and-seek, was found well yesterday. A mile away from a 15-year-old boy, one of 700 searchers.

### Buying her job

Out-of-work teacher Veronica Griffiths has bought the 128-year-old one-classroom Michaelston School in Cornwall for £14,000. It was shut last year when only 14 pupils were left. She plans to modernise and reopen it.

### Allen hits Texas

Hurricane Allen, which has carved its way across the Caribbean, has hit Texas at 110 mph, and is heading north-west. It caused a 9-ft tidal wave. A Liberian supertanker carrying 11.9m gallons of crude was grounded on lonely Mustang Island, but no leaks were reported.

### Bacon 'too dear'

Bacon is too dear, says Labour's consumer affairs spokesman John Fraser, who alleges there is profiteering. Housewives are paying 20 per cent more for Danish than two years ago, he says, whereas retailers are paying only 13 per cent more.

### Briefly...

More than 40 "birdmen" failed to earn £3,000 by flying 50 metres from Bognor pier in their flying machines.

Jacques Laffitte (France, Ligier) won the German motor-racing grand prix at Hockenheim.

## BUSINESS

### Grants to industry 'helped cut jobs'

REGIONAL development grants have effectively contributed to huge job losses among chemical workers in Cleveland, says a report by researchers from the Centre for Environmental Studies. It says the grants have subsidised manufacturers' efforts to become more capital-intensive and trim labour forces, but have also discouraged companies from investing abroad instead. Back Page

### BRITISH manufacturers want a return to selective import controls and compulsory wage restraint, according to a report by the London Chamber of Commerce and Industry. Page 4

### RECORD interest rates and increased competition from banks have severely affected building societies' share of the mortgage and personal savings markets, says the annual report of the Building Societies Association. Page 3

### ENTERPRISE zones have been attacked by the Labour Party National Executive Committee as political gimmicks which will become the industrial slums of the 1980s. Page 5

### MACHINE managers at The Observer, which is threatened with closure over their pay dispute, will today meet their union general secretary to hear the management's response to a reformulated pay claim. Page 5

# BL cuts car prices by £100-£500 in bid to recapture sales

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS will reduce the price of most models today by between £100 and £500 in an effort to put some new life into its lagging share of the market.

The company's initiative is likely to trigger off another round of price-cutting as car-assemblers scramble for sales in a declining home market.

Prices of the Mini and the Allegro will drop by up to £300; of the Dolomite and Princess by up to £500; and of the Rover 2300 and 2600 by £300.

Mr Trevor Taylor, managing director of UK sales operations, spoke last night of the importance of keeping stocks under strict control at a time of exceptionally high interest rates.

"We must also protect production schedules, thereby maintaining employment in Britain whenever possible."

BL has timed its "aggressive campaign" to give an impetus to sales in the final weeks of August, the month when purchasers take advantage of the new W registration.

In the first rush of registrations the State-owned company found itself lagging behind not only Ford but also the Japanese importers.

The marketing campaign may pull forward sales and improve BL's cash flow, but will not be welcomed by all the company's dealers.

## STATE AID FOR FIAT

BY RUPERT CORNWELL IN ROME

THE ITALIAN SENATE approved early yesterday a special £1,500bn (£760m) fund for industries in trouble. The plan's central theme is increased State aid, especially in the research field, in return for a softer line from Fiat over redundancies.

The Senate's move to launch the special fund, which will also be directed toward chemicals and electronics, coincides with reports that Fiat aims to put together a £1,000bn (£510m) bank consortium and capital restructuring programme.

However, major Italian banks said to be involved in the project have denied knowledge of it.

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# Anger as EEC fails to act on cheap U.S. chemicals

BY SUE CAMERON, CHEMICALS CORRESPONDENT

EUROPEAN chemical companies were giving vent to mounting anger at the weekend as it became clear that Viscount Etienne Davignon, the European Commissioner for Industrial Affairs, had failed to press their case against cheap U.S. chemical exports during a recent visit to Washington.

Mr Davignon went to Washington 10 days ago. Senior chemical company executives say Commission civil servants asked the industry for a full briefing on U.S. chemical exports to Europe just before the trip took place.

They also say that only three weeks ago the EEC Council of Foreign Ministers gave the Commission a clear-cut political mandate to open fresh talks with Washington on ending the "unfair" price advantage enjoyed by U.S. petrochemical producers.

But officials in Brussels now claim there was "no particular reason why petrochemicals should have been discussed" during Mr Davignon's visit. They said the main topics raised had been steel, automobiles and relations with Japan.

There had been no concrete results from Mr Davignon's trip and none had been expected.

Mr Len Burchell, managing director of BP Chemicals, said yesterday that if Mr Davignon had really done nothing to help the European chemical industry during his visit, then his behaviour was "unforgivable."

The European Council of Chemical Manufacturers' Federation (CEFIC) said it was "extremely disappointed" that the opportunity presented by Mr Davignon's visit had "not been used in the way we had hoped."

Time was "of the essence" because of the forthcoming U.S. elections which would paralyse any initiatives in the autumn.

"We were not looking for an automatic success from this visit but we did at least expect a try," CEFIC said.

"The situation in Europe is becoming worse and worse. We do not know of any major European petrochemical producers that are now making profits. We are not saying that cheap chemical imports from the U.S. are entirely to blame—they are not. But with the current recession, these low-priced products from across the Atlantic are having an increasing impact on the European chemical industry."

"Even if chemical exports from the U.S. to Europe did not increase at all in absolute terms from now on, they would still take a growing share of the European market because of the sharp downturn in demand."

The U.S. Government is pegging oil and gas prices at below world levels. Gas is one of the major raw materials for making petrochemicals, and the European industry claims that its American competitors are therefore enjoying an unfair cost advantage of about 15 per cent.

Representatives of CEFIC went to the U.S. a few weeks ago to discuss the issue. They felt they had made some headway because the Americans had agreed that a problem existed and that finding an amicable solution might be in everyone's interests.

The U.S. plans to decontrol oil prices by 1981 and gas prices by 1985. But European companies say that the U.S. will not be able to meet these deadlines if it keeps to its present formula for doing so.

# Three new projects will boost North Sea oil production

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil production will be boosted in the coming weeks by the commissioning of two fields. Conoco's Oil's Murckson discovery and Texaco's Tartan Field.

The Government is also expected to announce in the next few days that Continental Oil (Conoco) and its partners can go ahead with the revolutionary development of the Hutton Field.

The three projects, costing a total of \$2.75bn (£1.2bn), are expected to add more than 300,000 barrels a day to UK production capacity. The output, when combined with the production from other fields, could give the UK a potential of being a significant net exporter in the 1980's.

Mr David Howell, Energy Secretary, has said he will apply flexible depletion policies to keep production levels fairly close to domestic oil self-sufficiency.

The Murckson and Tartan projects are running neck and neck. They will be the 15th and 16th UK oil fields in the North Sea to be brought into production.

British Petroleum hopes they will be joined later in the year by the small Buchan Field, the exploitation of which has been delayed by problems with the conversion of a drilling rig into a production unit.

Texaco was hoping its Tartan Field would be commissioned this week. However, a last-minute mechanical failure in equipment being used for the drilling of a long, slanted well, means it could be several weeks before the field is in production. Tartan, with estimated recoverable reserves of 250m to 300m barrels, is expected to produce at a peak rate of around 55,000 b/d.

Assuming there are no further delays, Tartan will be on stream within a few months of the target date set by Texaco three years ago.

The Murckson project is progressing even more closely to schedule. Conoco, the operating company, said the first oil should flow next month — "within weeks of the target date."

The field, which straddles the UK-Norwegian median line, is expected to yield about 20,000 barrels a day initially, but by next spring it should be producing at close to its peak rate of around 120,000 b/d.

Conoco said the development was also being completed within the dollar budget of just under \$1bn. Interests in the UK sector of the field are Conoco, British National Oil Corporation and Gulf, each with a one-third stake. The Norwegian consortium, which has a 16.25 per cent interest in Murckson, comprises Statoil, Amerada Hess, Amoco, Conoco, Exxon, Mobil, Saga, Shell and Texas Eastern.

A group of eight companies, led by Conoco, expect to be told within days that they can proceed with the exploitation of the

# Tighten monetary policy, Fed told Kennedy sets terms for backing Carter

BY JUREK MARTIN, U.S. EDITOR IN NEW YORK

A KEY congressional committee last night urged the U.S. Federal Reserve Board to tighten up an already restrictive monetary policy "until significant progress has been made in reducing inflation."

The Senate Banking Committee said the Fed's targets for money supply growth, which span three percentage points, were too vague.

Although the message was expected from the committee, it comes when the U.S. credit markets are again focusing keenly on questions of monetary growth in trying to assess the immediate outlook for interest rates and the U.S. economy.

Some economists believe money growth in the U.S. is already showing signs of getting out of hand, with consequent dangers for inflation, even though the economy is only just starting to pull out of the trough of recession.

The Federal Open Market Committee—the arm of the Fed which sets the central bank's stance on interest rates and credit market intervention—meets tomorrow and Wall Street will be anxiously watching for any indication of a shift in tactics.

## Consensus

Last week the Prime Leading Rate showed its first upward move for four months, although other short-term interest rates fell fractionally. This upward trend in rates in the past three weeks is one of many signs that demand has again started to grow in the U.S. economy.

A consensus is therefore gathering that the recession is to all intents and purposes over, and many economists still believe growth in the fourth quarter will be almost imperceptible.

Yesterday's report from the Banking Committee is the latest stage in a debate between the committee and Mr. Paul Volcker, chairman of the Fed, over money supply management.

It was pressure from the committee which forced Mr. Volcker to state ten days ago that the Fed would cut its money growth targets for next year by half a percentage point, compared with a range this year for the M1 measure of 4 to 6 1/2 per cent.

For most of the first half of this year, the Fed's problem was inadequate growth in money supply, but strong expansion in June and July has at last pushed the rate of growth into the lower bracket of the Fed's targets.

SENATOR EDWARD KENNEDY said yesterday he could support President Jimmy Carter as the Democratic Party's Presidential nominee only if Mr. Carter committed himself to a major economic revitalisation programme.

An interview on the eve of the party's national convention in New York City, Mr. Kennedy said the economic policies the President would like the convention to endorse were "but a pale shadow" of its platform of four years ago.

He promised to wage a vigorous fight on the convention floor for adoption of a \$12bn jobs scheme and for a commitment that the war against inflation would not be prosecuted through the mechanism of high interest rates and unemployment.

"There won't be any Democrat in the country who will work harder for the nominee," said Mr. Kennedy—once he was convinced that Mr. Carter's commitment to the right economic policies was one of "substance," not "cosmetic."

But though closely pressed during his interview he refused to concede that his own bid for the nomination faced certain defeat this week, or even that he might lose the critical initial fight late today on the proposed rule binding the 3,331 convention delegates on the first ballot to the candidate to whom they were pledged in primaries and caucuses.

Going into the convention, Mr. Carter has about 1,870 delegates pledged to him, more than 700 more than Mr. Kennedy. About 150 are committed to neither.

The senator's defiance was matched by the President and his advisers.

In another television interview Mr. Carter repeated that he would not release his delegates to vote "according to their consciences" even if he won the rules fight.

Though Mr. Kennedy predicted that this battle would be decided by "50 votes either way," Mr. Robert Strauss, the Carter campaign chairman, forecast that the President would carry the issue by 300 votes.

Mr. Strauss, who has admitted that it is possible that some of the economic planks supported by Mr. Kennedy could be adopted by the convention this week, also promised vigorous opposition to what he described as "adroitly drafted" but "simplistic" solutions.

Mr. Carter's own confidence

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# Solh abandons attempt to form Lebanon Cabinet

BY IHSAN HIJAZI IN BEIRUT

THE LEBANESE Premier-designate Takiyeddin Solh has abandoned his attempt to form a Government of national unity and stepped down after 20 days of hectic but unproductive efforts.

In a letter to President Elias Sarkis declaring his resignation, the 71-year-old Mr. Solh said he had arrived at the conclusion that a Cabinet of activists or militia commanders was not possible at this time.

He said he had agreed on July 20 to try to form such a Cabinet which, he pointed out, would alone be able to end five years of civil war. Mr. Solh, a

veteran politician and former diplomat, said he did not want to form just any Cabinet. President Sarkis will have to hold fresh consultations on the appointment of a new Premier-designate. They are not expected to begin until after the Muslim three-day feast of Ramadan due this week.

Mr. Solh's decision to abandon his effort to form a national reconciliation Government has deepened the country's sense of danger and uncertainty. Analysts said that even if a new Cabinet is formed, it will be able only to manage, rather than resolve, the complicated Lebanese crisis.

## Begin offers to resign after Minister's attack

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government continued its stormy ways yesterday when Mr. Menachem Begin, the Prime Minister, offered to resign because of the bitter attacks on him by Mr. Ariel Sharon, Agriculture Minister.

Only a week ago, the Cabinet considered and rejected the possibility of holding early elections, following the resignation of Mr. Samuel Tamir the Justice Minister, the sixth senior Minister to quit in the past two years.

The Cabinet yesterday rejected the Premier's suggestion that he return his mandate to the President and try to form a new Government. Instead it forced the Agriculture Minister to apologise for attacking the Premier of "having taken most important decisions on defence matters in a facile and off-hand fashion."

This followed a clash between the two men over Mr. Begin's refusal to name Mr. Sharon to the defence portfolio, which the Premier has held since the resignation of Mr. Ezer Weizman in May.

But the row is far from over.



Mr. Begin... attacked.

Mr. Sharon voted against the appointment of Mr. Wisniam as the new Justice Minister and apparently plans to oppose it when brought for Knesset approval.

Such a step would render the Agriculture Minister liable to dismissal from the Cabinet, if the Premier so wished.

To underline this possibility the Premier's aides yesterday actually named Mr. Begin's choice of candidate to succeed Mr. Sharon, at the Agriculture Ministry.

# Muskie not told about nuclear strategy change

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

MR. EDMUND MUSKIE, the U.S. Secretary of State, disclosed this weekend that he had not been told in advance that President Jimmy Carter had ordered a fundamental shift in U.S. strategy in the event of a nuclear war with the Soviet Union.

In an interview given while flying back from speaking engagements on the west coast, Mr. Muskie, the former Senator from Maine who succeeded Mr. Cyrus Vance in April, said he only learned about the new approach in newspaper reports published last week.

He complained, though without signs of anger, that he ought to have been consulted about such an important foreign policy issue and was trying to find out why he had been bypassed.

Mr. Harold Brown, the Secretary of Defence and a prime moving force in the new policy, along with Dr. Zbigniew Brzezinski, the National Security Adviser, contacted Mr. Muskie over the weekend, briefed him and arranged to set up more extensive briefings in the near future.

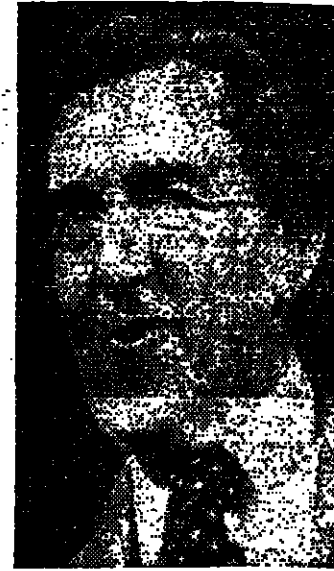
The Secretary of State emphasised that, on the basis of what little he did know, he had no obvious qualms about the President's new directive, which stipulates that the U.S. should focus on acquiring the ability to wage a limited nuclear war against Soviet military installations rather than on the outright destruction of Russian cities.

But his comments tend to reinforce the widespread impression that Dr. Brzezinski, in particular, wields disproportionate influence over foreign policy. Conflicts between the National Security Adviser and Mr. Vance were frequent in the first three years of the Carter presidency, and Mr. Muskie, a man of independent weight and considerable pride, has made no bones about the fact that he intends to assert both the department's and his own role.

Certainly, in his free-wheeling observations, Mr. Muskie stressed that he was not complaining about lack of consultation between the departments of State and Defence, but rather about communication between his department and the National Security Council. He

avoided any direct criticism of Dr. Brzezinski in person, however.

The new nuclear war approach has in fact evolved over a number of years. Although Dr. Brown and Dr. Brzezinski are considered the leading advocates inside the Administration, the State Department was not excluded from the discussions in the critical six-month period between late last summer and this spring, though Mr. Muskie only assumed his post late in the process.



Mr. Muskie... briefed.

## New York telephone strike

By Ian Hargreaves in New York

THE NEW YORK City telephone workers went on strike at midnight on Saturday, refusing to accept the terms of a nationwide wages deal agreed a few hours earlier.

Leaders of the Communication Workers of America in New York said the strike would disrupt telephone installation work at the Democratic Party convention, which opens today, but American Telephone and Telegraph denied this claim.

The national contract agreed between the union and AT and T provides wage increases of around 35 per cent over the three-year contract for the union's 525,000 members.

Mr. Glenn Watts, president of the union, said the deal was "comfortably within" the Carter Administration's voluntary 9.5 per cent a year wage increase guidelines, but it will be several weeks before the Council on Wage and Price Stability reaches a verdict on this point.

Telephone workers in New York said the new contract provided inadequate assurances on job security. AT and T said that telephone installations for the Democratic convention were virtually complete, but union leaders, who had called their members out on a 24 hours pre-deadline stoppage on Friday, said that crucial hook-ups for the Carter and Kennedy headquarters remained to be completed.

## Tokyo considers modest cut in discount rate

BY RICHARD C. HANSON IN TOKYO

JAPAN is preparing a shift in its economic strategy to avoid a serious downturn in business activity later this year. The details of the move will be most likely decided by the cabinet early next month.

The chief economic ministers in the Government have been discussing the need to lower the official discount rate and otherwise to reinforce economic activity which in recent months has shown signs of slowing down.

The consensus, however, appears to be that present conditions do not warrant any drastic

change in the Government's basic anti-inflationary stance. The most likely actions therefore are a modest reduction in the official lending rate and an effort to speed up public works expenditure in the latter half of the year.

The discount rate has been at the record high level of 9 per cent since mid-March, when a foreign exchange crisis prompted the authorities to raise the rate by 1.75 per cent. It is felt that a reduction by about half that much would satisfy the business community, without seriously adding to

inflation. Perhaps the best argument for loosening credit is simply that responsible ministers in the new Cabinet of Mr. Zenko Suzuki have virtually pledged themselves to such a reduction.

Enthusiasm for a reduction in the rate waned somewhat last month when the yen dropped for the first time in several months. That trend, however, seems to have moderated in the past few days, and the possibility of a cut has probably already been discounted in the foreign exchange markets.

The view that the economy might need a push into the autumn is mainly founded on the latest production and machinery order statistics. Manufacturers reported that production slipped 1.2 per cent in May and 0.7 per cent in June, mostly in reaction to the very fast increases earlier in the year. The export drive seems to be slowing and there are signs that private consumption is also sluggish because of a decline in real income after the very moderate wage settlements in the spring.

## West German slowdown

BY JONATHAN CARR IN BONN

FURTHER EVIDENCE of a slowdown in West German economic activity emerges in the latest figures of orders to manufacturing industry. But the inflation rate is slowing markedly too.

Official but preliminary statistics show that industrial orders fell in June against May by a seasonally adjusted 2.5 per cent. One major reason was a sharp drop of no less than 15.5 per cent in real terms in foreign orders for the key capital goods sector.

Some special factors affect these figures, including an unusually high level of capital goods orders in May. But a comparison between the two months May-June with the same period last year shows a fall in total industrial orders of 6.5 per cent by volume and by 0.5 per cent in value.

At the same time the inflation rate, which reached a year-on-year peak of 6 per cent in May and June, fell to 5.5 per cent in July, according to the Federal Statistical Office. The month-to-month trend shows a rise of 0.2 per cent in July, after one of 0.5 per cent in June.

The Bundesbank is widely expected to follow up, before long, its recent easing of monetary policy, with a cut in discount and Lombard rates. These have stood at 7.5 per cent and 9.5 per cent respectively since May 2.

Foreign considerations will also play a major role in the Bundesbank's decision. The Deutsche Mark remains one of the weakest currencies in the European Monetary System (EMS), and falling interest rates could weaken it further.

## Botha repeats decision

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH African Government's unexpected decision last Friday to abandon a separate advisory body for blacks as part of its proposals for a new constitution has not altered its determination to exclude blacks from the key President's Council, Mr. P. W. Botha, the Prime Minister, has indicated.

The President's Council, the supreme executive authority which is due to be constituted in October, will be open only to whites, coloureds and Asians. The decision to abandon the black council was announced after a tense meeting between Mr. Botha and leaders of the black tribal "homelands."

Even the homeland leaders, who are among the most conservative spokesmen for South Africa's 20m black people, have adamantly refused to serve on

a separate black council. One reason for their refusal was a Cabinet Minister's explanation that blacks have been excluded from the President's Council because they are "slow thinkers."

The main white opposition party and most coloured and Asian leaders have said they will not participate in the President's Council unless blacks are included. Mr. Botha said in a weekend interview that "blacks are not going to serve on the President's Council. It is an insurmountable obstacle."

Under Government policy, all tribal homelands will eventually become "independent" states and there is thus no need for blacks to participate directly in "white" South Africa's political system.

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## British hope of progress on Belize

By Our Mexico City Correspondent

MR. NICHOLAS RIDLEY, the British Foreign Office Minister, arrives in Belize today with clear signs that Britain will put new pressure on Guatemala to solve the territorial dispute which has blocked the colony's independence for the past 15 years.

Mr. Ridley, in charge of negotiations over Britain's last dependency on the American mainland, will go for Mr. George Price, the Belize Prime Minister, before travelling to Guatemala City on Tuesday to meet Sr. Rafael Castillo Valdez, the Guatemalan Foreign Minister.

Britain has been trying since 1960, to persuade Guatemala to drop its 40-year-old claim to a sizeable part of the colony, once known as British Honduras, as a prelude to independence. But the problem was given new urgency by the Foreign Secretary, Lord Carrington, in Mexico City on Friday night.

Speaking after an unscheduled meeting with Mr. Price, Lord Carrington said he hoped for quick progress after this week's talks. "Matters cannot be allowed to drag on," he said. "We made it clear to the government of Guatemala that the independence of Belize must take place," he said.

Britain is clearly banking on the idea that with its severe internal problems and growing international isolation, Guatemala will be keener than before to reach some settlement. Belize officials hope Guatemala might now accept a deal based on 1978 proposals which would allow a free trade passage to the Caribbean for its goods.

Not only have the United Nations and the Non-Aligned Movement called for full sovereignty for Belize, which has a population of 140,000, but what little support Guatemala enjoyed from its Central American neighbours has rapidly fallen away with the turmoil in the region. Mexico, Panama, all back full Costa Rica, Nicaragua and Honduras.

Guatemala's military-led government has also strained its ties with the United States and has its hands full dealing with a wave of political wing insurrection.

## 'North-South' summit

Lord Carrington flew home from Mexico City over the weekend after an 11-day tour through Brazil, Barbados, Venezuela and Mexico which has demonstrated interest in an area traditionally neglected by British foreign policy and gone some way to bolster Britain's flagging trade with Latin America.

West Germany, Japan, France and post-France Spain have been diligently courting Mexico, now the world's fifth largest oil producer, and anxious to break free from its traditional economic dependence on the U.S. Britain has dropped to fifth place as a Mexican trading partner, and now accounts for little over 2 per cent of Mexican imports.

Lord Carrington told each of his hosts that he wanted to make up for Britain's omissions and stressed his understanding for the main problems pre-occupying the region — energy distribution and the deteriorating economic balance between the industrial and developing world.

Lord Carrington pleased the Mexicans last week by giving greater British support than before for the 21-nation "North-South" summit that President Jose Lopez Portillo hopes to hold next March.

Britain had been sceptical of the idea when it was proposed by the commission on Third World problems headed by the former West German Chancellor, Herr Willy Brandt. The foreign secretary told the Mexicans that Britain would welcome the meeting, provided it was more than just a talking shop.

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Australia	Germany	South Africa
Belgium	Greece	Sweden
Canada	Italy	Switzerland
Czechoslovakia	Japan	Taiwan
Denmark	Netherlands	United Kingdom
Finland	Norway	United States of America
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In accordance with the provisions of the Reference Agent of Citibank, N.A., dated as of August 7, 1980, notice is hereby given that the rate of interest has been fixed at 11 5/8% and that the Coupon Amount, payable on February 9, 1981 against Coupon No. 5, will be US\$15.15 and that such amount has been computed on the actual number of days elapsed (144) divided by 360.

By: CITIBANK, N.A., LONDON August 11, 1980.

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The amount repaid outstanding from September 1, 1980 on will be Lux. Fcs. 350,000,000.—.

BANQUE INTERNATIONALE Luxembourg, August 10th, 1980.

## LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT, 1948 AND IN THE MATTER OF P. E. MUNN LIMITED TRADING AS BEED ENGINEERING Registered Office: 33 Cliffride Inn, Fetter Lane, London EC4A 1AH

NOTICE IS HEREBY GIVEN pursuant to Section 283 of the Companies Act, 1948, that a Meeting of the CREDITORS of the above-named Company will be held at 33 Cliffride Inn, Fetter Lane, London EC4A, on 24th September 1980 at 11.30 a.m. for the purpose mentioned in Section 284 of the said Act. Dated this 22nd day of July 1980. By Order of the Board, G. I. BEED, Director.

IN THE MATTER OF THE COMPANIES ACT, 1948 AND IN THE MATTER OF MANDRIGIN TRANSLATIONS LIMITED Registered Office: 33 Cliffride Inn, Fetter Lane, EC4A

NOTICE IS HEREBY GIVEN pursuant to Section 283 of the Companies Act, 1948, that a Meeting of the CREDITORS of the above-named Company will be held at 33 Cliffride Inn, Fetter Lane, London EC4A, on 24th September 1980 at 11.30 a.m. for the purpose mentioned in Section 284 of the said Act. Dated this 22nd day of August, 1980. By Order of the Board, A. A. MANDRIGIN, Director.

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مكتبة النور



## U.S. exports to China may reach \$5.3bn by 1985

BY NANCY DUNNE IN WASHINGTON

ALTHOUGH the U.S. Commerce Department has been backing away from its early optimism of a booming U.S.-China trade, it now expects U.S. exports to China to continue to expand at their current pace, about 13 per cent or even faster.

Increasing at the present rate, U.S. sales to China would reach \$5.3bn (£2.2bn) in 1985, says Mr. Damian Gullo, a Commerce Department economist writing in "Business America," a department publication.

Prospects are good that the U.S. will capture an even greater share of the Chinese market, says Mr. Gullo, who points to an improvement of bilateral commercial relations resulting from the resolution of outstanding claims in 1979 and the passage of the U.S.-China trade agreement in early 1980.

The Department's original estimates of trade between the

two countries, made in the early days of the Carter Administration, were scaled down when the Chinese began making substantial changes to their 1979-1985 ten-year plan in 1978. When rethinking by Chinese planners led to the decision to concentrate resources on improving living standards and developing light industry, Peking was forced to scale down, postpone or cancel many of the 120 projects it had originally planned.

The initial disappointment in the U.S. however, has been replaced by some optimism. China's decision to boost textiles has led to a steady demand for foreign cotton as well as synthetic fibres and textiles machinery, according to Mr. Gullo. In the first four months of 1980, the U.S. shipped to China about 970,000 bales of cotton, only 130,000 less than the total delivered in 1979.

With its large population

growth, China is expected to continue to provide a market for U.S. grain. In 1979 it exported 10m tons of foreign grain worth over \$1bn (£420m). Half of that was American wheat and corn.

The decision by Peking planners to import equipment and technology instead of purchasing whole plants has hurt U.S. exporters, says Mr. Gullo. While interest rates on credits will be substantially lower than those for commercial credits, they are still higher than the officially backed credits available to the Chinese from Japan and other Western countries.

Still, Mr. Gullo expects Peking to seek U.S. assistance for certain high priority ventures like oil exploration and development of hydropower projects. In 1979 U.S. sales of pipe and equipment for China's oil-gas industry totalled \$240m (£101m).

## Cossiga delays Alfa decision

By Rupert Cornwell in Rome

THE ITALIAN Government has postponed until mid-September a final decision on whether to authorise the controversial Alfa Romeo-Nissan joint venture to produce 60,000 cars a year in southern Italy.

Sig. Francesco Cossiga, the Prime Minister, himself decided on the postponement in an effort to stave off threats to his Government because the three member parties of the coalition disagree strongly about the car deal.

A key question is whether Nissan will accept another delay—the fourth since broad agreement was reached between the two concerns—or carry out its threat to pull out.

Sig. Cossiga's decision represents an important tactical victory for the Republican Party and the majority of the ruling Christian Democrats and for Fiat, Italy's biggest private group, which are all opposed to the deal.

It is a sharp setback for the Socialists, the third member of the coalition, who have advocated a speedy ratification. It can only increase their recently visible unhappiness with the government, buffeted amid the aftermath of the Bologna bombing by bitter attacks from the opposition Communist Party.

It is being said that the Alfa-Nissan delay may allow a final decision to be taken in the framework of a government plan to tackle the serious difficulties of the Italian car industry.

## E. Europe wine push by Spain

By Jane Monahan in Madrid

THE SPANISH Government has approved the setting up of an export company, Recesiva, for exports of wine to Eastern Europe. The Government will have a 10 per cent stake. The other shareholders will be Spanish Co-operatives, of which the most important are Union de Co-operativas Agrarias, Vinval, which is based in south eastern Valencia, and Savine based in the northern Rioja wine region.

According to officials, one of the objectives of this company will be to help regulate the guarantee prices fixed for vitis ordinaires each harvest. For instance, in next year's harvest, to help maintain the guarantee price of Ptas 121 (70p) per hectolitre of wine, recesiva is going to withdraw 1.5m hectolitres from the local market. Recesiva's eventual storage capacity is expected to be 10m hectolitres.

The decision to establish the new company also reflects the rapidly growing trade abroad in "vitis ordinaires." Last year such exports from Spain amounted to \$1.02bn—roughly 20 per cent of the total foreign wine trade—Russia was Spain's most important customer, taking 2.5m hectolitres of white wine. This year Moscow has signed an agreement with Union Nacional de Co-operativas to buy 1.5m more.

## W. German market seen strong for UK knitwear groups

BY RHYS DAVID

BRITISH knitwear groups should be getting a bigger share of the overseas contracts placed by West German clothing groups, a new report by the sector's economic development committee argues.

Britain has one of the biggest knitwear industries in Europe employing more than 100,000 people, yet it only had 2.3 per cent last year of West Germany's total knitwear imports of DM 4.48bn (£1.1bn). More than half West Germany's imports, too, came from other EEC countries with Italy accounting for 38.4 per cent.

The report—Spearhead Germany—which is the work of a committee chaired by Mr. Richard Meadows, a director of

Corah, one of the big Midlands knitwear groups, says UK companies should be taking advantage of the switch by West German clothing groups into importing because of the high cost of manufacturing. As much as 75 per cent of the sales of some West German manufacturers is brought-in from abroad, it states.

The industry also needs to improve its links with West German retailers, most of whom, the report claims are ignorant of the size and capabilities of the UK knitwear industry.

The report gives a breakdown of the structure of West German retailing together with notes on the way UK manufacturers should tackle the market.

## CEFIC wants product liability rule dropped

BY SUE CAMERON, CHEMICALS CORRESPONDENT

EUROPEAN chemical companies have called for the withdrawal of the proposed European directive on product liability.

They believe the survival of some chemical products could be put in jeopardy if the present proposals go through, and they are demanding a complete re-think of the existing draft directive. The move follows a request from the European Parliament for the proposed directive to be scrapped.

CEFIC—the European Council of Chemical Manufacturers' Federation—has sent a paper to

the European Commission setting out the reasons for the industry's objections to the directive. The paper says chemical companies are particularly concerned about plans to make producers liable for hazards that are "undetectable and unforeseeable at the time the product is being put into circulation."

CEFIC is also worried about the definition of the term "producer." It points out in its paper that chemicals often "lose their identity" after they have been processed and used in the making of other goods.

## Capper Neill Libya order

BY OUR WORLD TRADE STAFF

CAPPER NEILL International has been awarded a \$15m (£8.4m) contract from AGOCO, one of the largest oil producing companies operating in Libya.

The contract calls for the provision of additional storage tanks and associated works at the Tobruk tank farm and terminal facilities. Each of the 260 ft wide tanks Capper Neill is to build will have a capacity of a half-million barrels of crude oil. The com-

pany will also manufacture a smaller relief tank.

Work has already begun on the foundations for the tanks, equipment and roads, with the completion time set for mid-1981.

Capper Neill will send some 30-40 UK personnel to the site and will also employ some 70-80 Indian nationals in addition to locally-engaged Libyan personnel, the company said.

## Japan group seeks N. Korea tie

BY RICHARD C. HANSON IN TOKYO

A GROUP of 20 top-rank Japanese companies has formed a trade study group aimed at strengthening ties with North Korea, which do not have diplomatic relations.

The group, called the East Asia Trade Study Group, ostensibly will concentrate on gathering information on economic relations between the two countries. These relations have been particularly delicate because of difficulties the North has had in repaying trade finance credits extended by Japanese banks.

The Japanese side hopes that it may be possible for the group to exchange offices with the North Koreans—which would represent a significant stepping up of ties between the two countries. North Korean Government interests are represented in Japan by a group of Korean residents whose allegiance is to the North. On the Japanese side, there is a trade association with offices in Tokyo but no representation in the North.

It is considered highly unlikely that the North Korean Government would consent to sending a representative to Japan on anything less than a Government to Government basis. This is out of the question because of Japan's ties with South Korea. But it is tempt-

ing to speculate that Japan could use the stick of improved ties with the North to remind the South that it is not very happy with recent events there.

Members of the new group include such large trading companies as Mitsubishi, C. Itoh and Marubeni and Mitsui and Company, and Nishio-Iwai. Among the banks are Sanwa, Mizui and the Industrial Bank of Japan. On the manufacturing side are Nippon Steel, Nippon Kokan, Kobe Steel, Mitsubishi Motor, Hino Motor, Taiyo Fishery, and Nippon Seiko.

Trade between Japan and North Korea is still a fraction of that with South Korea. But in 1979, Japanese exports to North Korea rose 54.8 per cent to \$224m while it imported \$152m, up 42 per cent. Two-way trade with the South last year amounted to nearly \$10bn.

A private Japanese trade mission is on a visit to Kampuchea but Japan's Foreign Ministry said it takes a dim view of the trip because Japan does not recognise the Vietnamese-backed Heng Samrin regime. AP-DJ reports from Tokyo.

## Tokyo-Cairo steel plant

TOKYO — An Egyptian-Japanese joint venture company will be set up in Egypt in the next two months to launch a \$520m project to build a steel-making factory at El Dikheila, near Alexandria, by about 1984.

Japanese steel industry officials say the joint company, yet to be named, will initially be capitalised at \$160m and will be 88 per cent owned by the Egyptian Government, 10 per cent by a consortium of three Japanese companies and four per cent by the International Finance Corporation (IFC). The projected plant will have an annual pro-

duction capacity of 360,000 tonnes of steel products including steel bars.

The Japanese consortium is composed of the steel concerns Nippon Kokan, Kobe Steel, and Tomen Company, a trading concern. These will co-operate in providing engineering services, management guidance and steel-making facilities.

Of the total project cost, \$100m will be covered with a World Bank loan \$50m with an IFC loan and about \$30m through a yen loan from the Japanese Government, the official said. Reuter

## SHIPPING REPORT

### Freight rate slump underlined

BY OUR SHIPPING CORRESPONDENT

THE LATEST statistics from the General Council of British Shipping (GCBS), underline the extent of the downturn in freight rates last month. The GCBS's tramp trip charter fell by 13 per cent—its biggest monthly drop since President Carter announced his embargo on U.S. grain sales to Russia, at the start of the year.

The GCBS figures emphasise that the slump in freight rates was concentrated among the larger bulk carriers. Rates for vessels of between 50,000 dwt and 85,000 dwt dropped by over a fifth in July and are now at their lowest level since last September.

By contrast, rates for vessels of under 20,000 dwt, only fell by 6 per cent and are still close to their year's high.

The coal trades remain fairly buoyant with the key Hampton Roads/Japan rate moving up to \$23.50 per tonne. In the Gulf/Continent grain trades 62,000 tonners are being fixed

at \$15.25 per tonne. However, Denholm Coates reports that fixtures are being kept very short-term, which implies that charterers are keeping their options open.

In the tanker trades the most notable and depressing feature was the news that a 417,000 dwt VLCC was fixed by Exxon for a voyage, Arabian Gulf/West, at Worldscale 16—a new low for the year.

A 280,000 tonner was fixed for a similar voyage at Worldscale 24.

In the sale and purchase market the most remarkable development of late has been the scale of Chinese buying. Eggar Forrester estimates in its latest sale and purchase market report, that the Chinese have spent over \$300m on second-hand ships over the last couple of months.

Norwegian brokers confirm this activity. R. S. Platou reports the Chinese have been particularly interested in

Panamax bulk carriers built in the early 1970s, but have also bought some 30/40,000 tonners. In its latest monthly report, Oslo brokers R. S. Platou give the following representative new building prices: 30,000 dwt bulker (\$18m); 60,000 dwt bulker (\$27m); 130,000 dwt bulker (\$40m); 30,000 dwt product carrier (\$38m); 80,000 dwt tanker (\$35m).

## World Economic Indicators

	INDUSTRIAL PRODUCTION					% change over previous year	Index base
	June '80	May '80	Apr. '80	Jan. '79	year		
U.S.	141.2	141.7	145.4	132.3	7.3	1967=100	
W. Germany	130.5	130.9	132.0	133.0	-1.9	1970=100	
Italy	147.7	149.0	147.8	134.8	+9.5	1970=100	
UK	107.0	107.1	109.0	114.3	-6.4	1975=100	
Holland	112.0	116.0	118.0	119.0	-5.9	1975=100	
Japan	144.5	145.2	142.6	132.2	+9.5	1975=100	
France	133.0	134.0	135.0	131.0	+1.5	1970=100	
Belgium	126.8	119.2	108.1	126.6	+0.1	1970=100	

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

## NEW ISSUE

24th July, 1980



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# Labour Left may make new leadership move

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR Left-wingers are considering using an unriveted strategy at this year's party conference in a final bid to get the rules governing the election of the party leader changed before the autumn, when they expect Mr. Callaghan to step down.

Dame Judith Hart, a member of the National Executive, is believed to have asked officials at Transport House whether the NEC can, within the rules of the party, put forward a statement giving delegates an opportunity to vote first on whether they want changes in the rules, and then on two different procedures for electing the leader.

The options would be drafted in such a way as to be easily converted into amendments to the party constitution. So if delegates voted against retaining the existing rules, the most popular alternative would be adopted and would come into effect before November when most Labour MPs expect Mr. Callaghan to go.

## Support

The last meeting of the executive agreed on a new formula for electing the leader — involving the creation of an electoral college with more than 2,500 members — to be put to the conference.

Behind the idea of an alternative to this lies the worry on the Left that the proposal as drafted will not get the necessary support, and that the new leader will therefore be elected under the existing rules. These give MPs the exclusive right to elect the leader and

therefore favour a moderate candidate.

The decision to try and put forward a range of options to conference also reflects the division on the Left over what is the correct approach. A number of Left-wingers are unhappy with the proposals adopted by the executive last month with the support of Mr. Anthony Wedgwood Benn.

This resolution proposes giving trade unions half the seats on the electoral college, which some Left-wingers think is too high a price to pay for the big votes of the unions at conference. They went along with the idea, however, on the grounds that getting the principle of an electoral college accepted was more important.

The statement now being drafted by Dame Judith includes the formula passed at the last meeting of the executive as one option. The other two options are: retaining the existing rules and a plan, favoured by the Tribune Group, which would effectively share out the seats on the new electoral college equally between the unions, Labour MPs and representatives of the constituencies.

The draft, which will go to the next meeting of the NEC, is deliberately worded in such a way as not to offend conservatives in the party. For this reason it does not use the emotive phrase "electoral college" but talks instead of extending the franchise to make it more democratic.

Dame Judith appears to have concluded that the only way to give delegates the opportunity

to vote on a range of options would be to put these forward in the form of a short statement from the executive. This strategy has never been used in this way before, in so far as it would allow conference to vote on both the principle and any necessary consequential amendments.

In spite of the Left's new approach, the moderates still claim to be confident that they will win at this year's conference and that the rules governing the leadership will not, therefore, be changed.

## Popular

When Labour MPs packed up last week, most were predicting that Mr. Callaghan would announce his retirement after the conference, but an NOP poll published in the Observer yesterday showed that just over half the Labour supporters interviewed thought Mr. Callaghan should stay on to lead his party into the next election.

Mr. Denis Healey, the former Chancellor, emerged as the most popular successor to Mr. Callaghan among those candidates likely to stand. He got the support of 27 per cent of Labour voters interviewed against 20 per cent for Mr. Anthony Wedgwood Benn and 4 per cent and 2 per cent respectively for Mr. Peter Shore and Mr. John Silkin, who are considered in Westminster to be Mr. Healey's most likely rivals.

The same poll showed that in the event of a split in the Labour party, one Labour voter in four thinks that a centre party should be formed.

# Actors strike over residual payments could spread to London Technology may bring the curtain down

BY ARTHUR SANDLES

WITH GOOD reason, actors' and musicians' unions around the world are watching Hollywood's industrial problems with more than passing interest. For the same reason, broadcasting and film companies are viewing events with apprehension.

The basic cause of the Hollywood strikes is not a simple matter of pay, it is that thorny issue of the eighties—new technology. And what is happening now in Hollywood could easily happen later in London.

Technological advance is bringing into prospect, and in some cases fact, undreamt-of avenues of entertainment and instruction — video discs, video cassettes and fibre-optic pay television among them.

The problem arises when, say, a one-hour film made for television, with pay rates negotiated accordingly, is a hit in

one or all of the additional media. It would be quite possible, for example, for a BBC production of Hamlet, to sell a million videocassette copies around the world and be a great success on pay-TV in Atlanta. Should the actors and musicians involved in the production, be further rewarded for this success, or should the initial flat fee stand?

While the British unions have been negotiating terms to cover such cases for some time the Americans chose to see how the market developed first and then make their move.

From here we enter a world of percentages and of deep mistrust.

At best the U.S. production companies would like a deal which would leave them totally free of the administrative and financial problems of residuals.

The actors and musicians would be paid a fee in the same way as the carpenters and electricians, and what happened after that would be none of their business.

On the other hand, the talent unions would like a high percentage of the returns. In the case of ITV in Britain the agreement already reached is that the Writers Guild, Equity and the Musicians Union set up a Videograms Rights Committee which receives a little over one-third of the net returns from any residuals. The committee then decides how this should be allocated (clearly the balance between actors, musicians and writers varies enormously from production to production).

The BBC has offered the unions 10 per cent. At the moment the American unions are being offered 3.6 per cent

of the gross—the same percentage paid when old films are sold to television.

Key words in the argument are "net" and "gross." "Net" deals are notorious in the film industry and are avoided by the talent unions wherever possible. Recent accusations over hit television shows made in Hollywood have alleged that distribution and production costs were artificially boosted in order to make the figure at the bottom line as small as possible, and preferably a minus, so anyone whose contract specifies a percentage of the "net" ends up getting very little indeed.

For that reason American unions are much keener on a system whereby every dollar spent on a retail purchase of a video-disc or cassette means an immediate few cents for their members. British unions are more willing to accept the

honour and reliability of the BBC's and ITV's accounting systems.

It is not as if small amounts of money are at stake. The BBC sees substantial returns from its massive stocks of entertainment, cultural and educational material. The Corporation could perhaps see a gross return of more than £50m next year from video-rights if it was free to release material to tape-maker 3M, with whom it has a manufacturing agreement.

At the moment the strike is proving extremely painful to both the domestic television industry and foreign users of Hollywood products and it looks as if a settlement could be a long time coming. After all, actors and actresses are used to working in restaurants and gas stations to supplement their income.

## Import controls sought

FINANCIAL TIMES REPORTER

MOST BRITISH manufacturers want a return to selective import controls and compulsory pay restraint as orders drop, productivity falls and new investment becomes increasingly difficult to obtain.

A report published today by the London Chamber of Commerce and Industry says 80 per cent of companies in London and the South-East favour a statutory incomes policy—more than half call for controls in the public sector.

Nearly 60 per cent of manufacturing industry believes selective import controls are vital. Since March the number of UK

companies reporting a decline in orders has risen from 27 to 54 per cent.

The Chamber predicts that by October 70 per cent of manufacturing industry will be reporting a fall in domestic orders, 60 per cent a fall in production levels and 40 per cent will have lost export orders.

Only 9 per cent of companies plan to increase staff levels, compared with 18 per cent in March.

Mr. Gabriel Irwin, who compiled the report, warns that if there is not an upturn in demand by October there will be another "wave of bankruptcies."

## Medical insurance schemes grow

BY ERIC SHORT

MORE PEOPLE than ever are covered by medical insurance schemes, either through their employer or by taking out their own insurance, according to the latest membership figures from the three biggest provident associations.

These show that growth in both classes of membership continues at a high rate, reflecting the desire of many people to be able to use the private medical sector facilities should they fall ill.

More than 98 per cent of medical insurance business in the UK is transacted by three non-profit-making provident associations: the British United Provident Association, Private Patients' Plan, and Western Provident Association.

Their combined membership figures for end-June this year

shows that members have increased by 13.7 per cent since 1979 to 1.47m. This continues the strong growth seen last year.

Since many individuals taking out medical insurance cover not only themselves but their families, the total number covered is about 3m.

Most of this growth came from company schemes, continuing the trend of the past decade. Company medical schemes, with the employer paying most of or all the cost, is now widely recognised as an employee benefit. This is becoming applicable right through the work force, including blue collar employees, despite the TUC's total opposition.

The number of persons covered by company schemes rose by 19.5 per cent over the period to 961,732. BUPA

showed the greatest growth rate, 21.2 per cent.

Its membership was boosted by entry on January 1 of 40,000 electricians in a deal negotiated by the Electrical and Plumbing Trades Union.

The other two provident associations showed steady growth in this sector.

The recent recovery in individual membership, after several years of steady decline, continued in the first half of the year.

All three associations recorded small but steady rises. By end-June numbers had risen 4.2 per cent to 507,250. Renewed popularity of medical insurance, despite the inflationary effect on premiums, reflects in part at least the continued problems of the National Health Service.

### MEMBERSHIP AT JUNE 30, 1980

	Individuals		Group		Total	
	Number	% change since end-1979	Number	% change since end-1979	Number	% change since end-1979
BUPA	353,252	+3.9	756,954	+21.2	1,110,206	+15.1
PPP	138,916	+4.9	152,269	+12.9	291,185	+8.9
WPA	15,082	+3.6	52,509	+15.5	67,591	+12.4
Total	507,250	+4.2	961,732	+19.5	1,468,982	+13.7

## Bright forecast for Dawson

BY RHYS DAVID, TEXTILES CORRESPONDENT

DAWSON INTERNATIONAL, the luxury knitwear and yarns group, can defy the problems of the rest of the textile industry and achieve a long-term growth rate of 8 to 9 per cent a year, according to a report by the brokers Laing and Cruickshank.

They also forecast an improvement in Dawson's profit this year from £18.24m to £20m, on sales up from £113m to £120m.

The report bases its belief in Dawson on the company's strong brand names, including Pringle and Barrie Knitwear, and its specialisation at the high quality end of the market in cashmere, lambswool, Shetland and more recently in Larnaine superfine wool.

It also says that the group, which in the past has

made major errors in its attempts to diversify, has been considerably strengthened by its acquisition of John Haggars, the Yorkshire yarn-spinners, in January last year.

Other strengths of the group, according to Laing and Cruickshank, are a worldwide export market, with its main emphasis in developed countries; highly efficient production; and vertical integration from raw materials to finished garments.

The company has entered the present recession, the report says, with a strong balance sheet. Gearing has been transformed since 1974-75, when borrowings represented 92 per cent of equity assets, to a net cash position of 34 per cent of equity assets.

Mr. David Buck, author of the report, suggests that further

acquisitions may be on the way for Dawson, which recently announced offers for £1.7m for McKinnon of Scotland and £1m for Henry Ballantyne.

The targets, he says, will depend on whether Dawson is anxious to expand into less expensive knitwear lines, deeper into the Scottish woven textile business or into Yorkshire wool textiles.

In knitwear a link with Corah, the Midlands producer, would enable Dawson to expand its involvement with Marks and Spencer.

In Scotland Dawson could be interested in SEET with its specialised interests in Harris tweed and tartans, or in parts of Allied Textiles, or Illingworth, Morris. In Yorkshire British Mohair Spinners and Allied Textiles are again suggested.

## Oil-products futures market may bring stability Refined role in wake of crises

BY SUE CAMERON, CHEMICALS CORRESPONDENT

FURTHER EVIDENCE that the world's major oil companies' power is waning came last week with announcement of plans to open a futures trading market for petroleum products in London next year.

The market, originally sponsored by the London Commodity Exchange, will be called the International Petroleum Exchange. Initially it will only trade in gas-oil, used chiefly to make heating-oil and diesel.

But backers of the scheme—many major oil and chemical companies—are giving active or tacit support—hope to extend operations to other refined-oil products long term.

The idea for the market is not new. Several individuals, among them Mr. John Tholen, a former executive at Imperial Chemical Industries, pushed the proposals for years without success. Plans foundered because they lacked approval of major oil and chemical groups.

Big oil companies opposed establishment of a futures market in petroleum products partly out of aloofness, partly to defend their own influential position, and partly on technical grounds.

They were more concerned with production and sale of crude than with fuel-oil, heating-oil, diesel-oil, petrol, jet fuel and petrochemical raw materials made from it.

They viewed their refinery operations and their chemical subsidiaries almost as sidelines. The prospect of a futures market in oil products had no appeal. Yet their oil-products businesses were not small. They were able to influence the pro-

duct market individually and to dominate it as a group. Setting up a futures market could have undermined their power and was unwelcome.

But now their objections have been washed away in the wake of international oil crises, crude shortages, revolutions, fluctuating demand and the arm-twisting tactics of members of the Organisation of Petroleum Exporting Countries.

Oil-producing countries control production and sale of their own crude to a greater extent than previously. Often they bypass oil companies altogether by selling crude in direct government-to-government deals. The big companies were therefore forced to place greater emphasis on their oil-product operations.

The dramatic rise in oil prices made refining a more attractive business, anyway, because of the value it adds to crude.

But convulsions in the oil world in the past two years have also thrown petroleum-product markets wide open to comparatively small-time newcomers. Major oil companies lost the dominant position they held in particular products in particular geographical areas.

Demand for oil products in the West has fallen sharply because of the recession. This is hitting not only big companies but some oil-producing countries, too. Many of the latter reacted by insisting that if a company wanted to buy their crude it must buy some fuel oil, or other product, too.

spot market than to make them. That way, others felt the worst effects of overcapacity, low demand and poor profit-margins.

But the oil majors must take a long-term view. The extent to which they can shore up weak trading conditions by reducing their refinery throughputs and going to the spot market is therefore limited. A main advantage of a futures market, on the other hand, is to defray risk.

Earlier plans for a petroleum products futures market centred on petrochemical raw materials such as naphtha and benzene. Both of these come in a wide variety of grades and a successful futures market needs to trade in commodities that can meet tight specifications such as gas-oil.

Futures markets also need to deal in commodity tonnage products that are available in fairly small lots for sale purposes. Gas-oil again meets this requirement.

Naphtha—the major raw material for the petrochemical industry—tends, on the other hand, to be sold in cargoes of 10,000 tonnes or more. Some naphtha is also still sold on an in-house basis, with big oil companies dedicating most of their production to their chemical subsidiaries.

The new market is not expected to cover more than a tiny percentage of all the gas-oil that enters Europe annually. But this will not prevent it influencing prices. The present spot market covers only some 5 to 10 per cent of oil and oil-products sold but it can have a tremendous impact on contract prices.

# Life. And Survival. Our Commitment to Research.



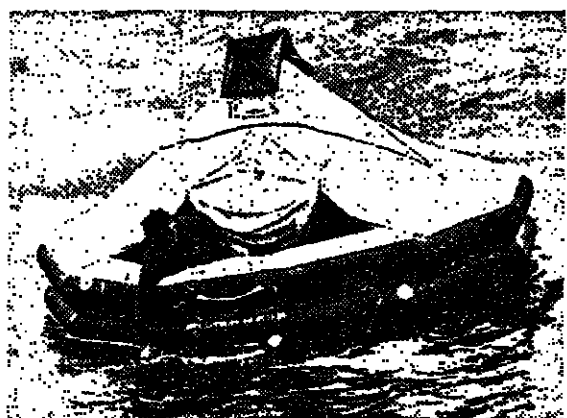
Spotted! Thanks to a reflector made from metalized fibres, the life raft has been located and the final phase of the rescue operation can begin.

S.O.S. is the universal distress signal. A call for help. On stormy seas with low visibility rescuers frequently have difficulty sighting survivors in life-jackets or life rafts. Modern radar systems are valuable aids. For precise spotting, however, an adequate reflector device is essential. A problem—until recently.

Bayer research has succeeded in coating textile fibres with an extremely thin metal layer. This enables the production of fabrics capable of intense reflection. Life-jackets with this type of lining and life rafts with reflectors from the same material make long-distance detection possible, even in unfavourable weather with poor visibility. This can mean survival at sea.

Metalized fibres are one of many achievements of Bayer Research and Development which are making the world a safer and better place to live.

In 1979, Bayer committed DM 1.1 billion worldwide to research. More than 6,000 scientists are active in R & D. Over 110,000 patents are registered in the Group's name. Bayer produces around 6,800 products — pharmaceuticals, chemical agents, dyestuffs, basic chemicals, plant protection agents and man-made fibres.



A metalized fibre reflector attached to the roof erects automatically when the life raft is inflated.

At Bayer progress also means safeguarding the environment. In the past 10 years Bayer has invested some DM 1 billion in capital and spent nearly DM 2.5 billion on implementing environmental protection.

## Bayer today — knowledge for tomorrow

### Highlights

**1980**  
● During the first five months turnover for Bayer AG rose 12.8%. For Bayer World 15.9%.  
● For the whole of 1980 turnover is expected to increase between 8 and 10%, a result comparable to 1979.

**1979**  
● Turnover Bayer World: DM 26,002 million. Share of foreign production and exports: 70%.  
● Turnover Bayer AG: DM 11,415 million. Exports: 61.6%.

● Bayer World investment in fixed assets: DM 2,240 million, i.e. DM 513 million more than in the previous year. DM 1,233 million in West Germany.  
● Research expenditure worldwide: DM 1,100 million, of which DM 638 million by Bayer AG.  
● After-tax profits (annual surplus): Bayer World DM 435 million, Bayer AG DM 378 million.  
● Dividend 1979: DM 7 per share of DM 50 nominal (previous year DM 6).  
● Total payout: DM 298 million to some 420,000 shareholders.

For further information on Bayer please contact Bayer AG, Public Relations Department, D-5090 Leverkusen, West Germany or Bayer U.K. Ltd., Public Relations Department, Bayer House, 18-24 Paradise Road, Richmond/Surrey TW9 1SJ, Great Britain.

**Bayer Aktiengesellschaft  
Leverkusen**





## UK NEWS

## LABOUR

## Societies see their edge on banks eroded

BY ANDREW TAYLOR

THE ADVERSE impact of record interest rates and greater competition from banks on building societies' share of the mortgage and personal savings markets is clear from the first annual report of the Building Societies Association.

The report reveals the inroads made by the banks in the provision of home loans last year. It also shows how societies' ability to raise finance to meet mortgage demand was impaired by sharp rises in general rates of interest.

During 1979 the banks' share of the total mortgage market increased to 10 per cent of all net advances. The share of net advances made by building societies declined from 95 per cent in 1978 to 80 per cent in 1979.

Societies are likely to face increasing competition from British and some overseas banks which are planning to increase their share of both the personal savings and the mortgage markets.

It is partly to meet this competition that societies have prepared a series of measures designed to restore what they regard as an erosion of their competitive edge in terms of interest rates they can offer depositors.

Societies have already indicated that when the next general decline in interest rates occurs, they will be slower to reduce their own mortgage and deposit rates. Thus they have so far not responded to the recent 1 per cent cut in Minimum Lending Rate.

Plans are also well advanced for a new marketable bond which will carry floating rates of interest based on movements in wholesale money market rates, and will have the added attraction to investors of being negotiable. It is hoped that the new-style term share will provide societies with a further source of long-term stable finance.

Existing term shares, which are non-negotiable, have already

proved a success. According to the BSA report, term shares accounted for nearly half of all building society net receipts in 1979 and at the end of last year accounted for 13 per cent of total savings balances held by societies, compared with 9.9 per cent at the end of 1978.

Despite this, building societies' share of personal sector liquid assets declined from 47.4 per cent to 46.3 per cent during 1979—reflecting the growing competition for funds from banks and other areas.

The building societies' total net receipts of £3.33bn last year were marginally higher than in 1978 but a substantial drop on the £4.7bn achieved in 1977.

## Fewer loans

Of much greater impact on society funds last year was the sharp rise in the level of interest credited to depositors which savers opted to leave in their accounts. This source of finance has been important in assisting building societies to maintain their cash lending despite a drop in monthly net receipts over the past six months.

The sharp rise in house prices last year meant that although societies advanced slightly more cash—£8.8bn against £8.7bn—this financed only 715,000 loans compared with 802,000 in 1978. Recently the BSA forecast that individual loans in 1980 may total only 628,000.

The report also illustrates the continuing dominance of the top five building societies which at the end of last year accounted for 55 per cent of the movement's total assets of £45.8bn. This compares with just over 50 per cent of total assets controlled by the five largest societies in 1970 and 37 per cent in 1950.

Building Societies in 1979—single copies available free from the Building Societies Association, 34, Park Street, London W1Y 3PS.

## Four dead in Ulster 'anniversary' riots

BY STEWART DALEY

A WEEKEND of rioting and demonstrations to commemorate the ninth anniversary of internment without trial in Northern Ireland has left at least four killed, 22 wounded and 24 arrested.

The central event in the anniversary commemorations was a march yesterday organised by the Provisional Sinn Féin, political arm of the Provisional IRA up the Falls Road to Andersonstown in the predominantly Catholic area of West Belfast.

The crowd of about 2,000, mainly youths sitting on rooftops and young mothers wheeling babies in prams, listened to leading Republicans from both the Republic and Northern Ireland calling for withdrawal of British troops, and speaking of the plight of Republican prisoners in H-block in the Maze and Armagh Prisons.

Prisoners in the H-block have

been conducting a "dirty protest" about the refusal of the Government to give them "political" status. They have refused to wear prison clothes or to wash, and have smeared excrement on prison walls.

The speeches were followed by some stone-throwing at two Army Saracen armoured personnel carriers. Apart from helicopters, which were continually overhead, the Army kept a low profile.

There was a show of "force" by the Provisional IRA. Two men in combat jackets and black balaclavas waved an M1 carbine and a Colt '45 pistol as speeches were made, then quickly disappeared into the crowd.

The next outburst of violence is likely tomorrow, when the Protestants have their Apprentice Boys' March in Londonderry to commemorate the siege of that city in the 17th-century.

## Enterprise zones under fire from Labour NEC

BY ROBIN PAULEY

ENTERPRISE ZONES are a political gimmick which will turn in the industrial slums of the 1980s, encourage a poor living and working environment, says a commentary by the Labour Party National Executive Committee published today.

The report claims that the idea of granting industry and commerce a range of financial incentives to set up within the experimental zone is, in fact, a new form of industrial subsidy to be paid by the taxpayer.

"The difference between this subsidy and the state intervention carried out not only by the Labour Party but elsewhere in Europe is that, without any controls or conditions, the ultimate beneficiary will not be the community at large but private capital.

Large parts of the financial aids, such as freedom from rates, could find their way into the hands of landowners within the enterprise zones," the report says.

The Government has announced seven sites in Britain where zones are to be established. Each will be a maximum 500 acres in size and will operate for an initial experimental period of 10 years.

They are at Belfast, Clydebank, Swansea, Speke, Manchester, Newcastle/Gateshead and the Isle of Dogs in London's docklands. Two more sites will be announced later, probably one in the Midlands and another in London.

Companies within the zones will benefit from:

• Exemption from development land tax;

• exemption from all rates on industrial and commercial property;

• 100 per cent capital allowances for commercial and industrial buildings;

• simplified planning procedures;

• exemption from the need for industrial development certificates;

• exemption from industrial training board requirements; and

• faster customs facilities.

Another problem suggested by the report is that the enterprise zones strategy will lead to increased employment within the zones at the expense of increasing dereliction in the adjoining areas.

"The artificial preference for these areas could, if the strategy is successful at all, lead to a concentration of certain activities on sites which would not be ideal on other grounds. Enterprise zones could become the dumping grounds of the inner city."

The Labour Party is also very worried about the relaxation of planning controls. Speedy production of plans and the large scope of automatically permitted developments will decrease the amount of public participation possible in the preparation of the plan and the degree of control exercised by local councillors, the report claims.

The Government's view has always been that the zones are a very limited small-scale experiment in areas of severe inner urban dereliction and decline where all else has failed.

## Electronics committee criticised by teachers

By Our Labour Staff

THE NATIONAL Union of Teachers has criticised Mr. Mark Carlisle, Education Secretary, for appointing no state school teachers to a committee overseeing a £9m micro-electronics development programme for schools.

The NUT, the largest teaching union, said in a letter from Mr. Fred Jarvis, its general secretary, to Mr. Carlisle, that it was appalled that primary and secondary schools were not represented.

The union said that of five external advisers on the committee, only two were teachers—one from a public school and one from a voluntary aided school.

Mr. Jarvis said the department's decision was directly contrary to recent exhortations by Mr. James Prior, Employment Secretary, for increased employee involvement.

The Department of Education and Science said yesterday that the committee was never intended to be representative. The development programme is to run for four years and aims to help young people make the best of new technology.

TUC views on new Employment Act

## Call for renegotiation of 'lost rights' of workers

BY PHILIP BASSETT, LABOUR STAFF

EMPLOYERS should negotiate new agreements with trade unions to guarantee workers the preservation of rights lost under the Government's new Employment Act, Mr. Len Murray, TUC general secretary, said yesterday.

Mr. Murray warned that only by renegotiating the rights lost under the terms of the Act would Britain be given a chance of solving its real industrial relations problems.

In particular Mr. Murray said the existing closed shops, which are subject to tight recommendations in one of the codes of practice issued last week to accompany the Act, should be maintained.

If they were not, employers who were dragged into cases over such agreements were "in for some real headaches." The most obvious result of the Government's closed shop legislation would be the disruption of established collective bargaining arrangements, the undermining of the TUC dispute machinery, which did valuable work in sorting out membership problems between unions, and the proliferation of new small unions at a time

when the TUC recognised its present membership of 110 separate unions was too large and was trying to reduce it through mergers.

Writing in The Sunday Times, Mr. Murray warned that "the employer could get hurt even more than the union" in closed shop disputes arising from the provisions of the Act and its accompanying code.

On picketing, which is covered by the Act and another code of practice recommending restricting the number of pickets on any one line to six, Mr. Murray said that though the controls would be tighter, they would not automatically make picketing more orderly.

The code's provision in particular would create disputes between pickets and "the copper on the beat."

Mr. Murray declared that Mr. James Prior, Employment Secretary, could not expect the TUC to police its own guidelines on picketing while he was using legal means "to clobber unions." Mr. Murray regretted that the unions would have to spend their time defending union members and officials against legal action instead of

enforcing its own guidelines.

He admitted that neither he nor his lawyers understood what the Government's provisions to limit sympathetic industrial action would mean in practice.

The detailed information of contracts between companies was usually not available to unions, so it was "highly likely that somebody is going to fall off this legal tightrope."

The abolition of Schedule II of the Employment Protection Act, which allowed for arbitration to determine pay rates in comparison with those of similar workers, had pushed the unions "back into the power struggle with no civilised alternatives to industrial action."

The Sunday Times said yesterday that the confidential British Steel documents it had been prevented from publishing by a High Court injunction came from the Iron and Steel Trades Confederation, the industry's largest union.

The documents were received anonymously by the ISTC. The injunction against the paper is binding until tomorrow, when the case will be re-heard.

## Observer responds today to new claim by print workers

BY PHILIP BASSETT

MACHINE MANAGERS at the Observer newspaper, which is threatened with closure in a pay dispute, today meet Mr. Joe Wade, general secretary of their union, the National Graphical Association, to hear the management's response to their reformulated claim.

It was thought likely this meeting would be at the weekend after Friday's talks between NGA national officials and the newspaper's management but it was deferred until today. Mr. Wade said then that negotiations were at an extremely delicate, critical stage.

The management was understood to have decided on re-examination that the reformulated claim would cost, in terms of consequential demands from other unions, to be met, virtually the same as the original claim.

Machine managers yesterday repeated national union leaders' insistence that the proposals represented a further compromise on their part.

While the reformulation's details were not disclosed, they are understood to centre on some movement in the claim for payment for an extra hour at the end of the managers' Saturday night shift.

At present the shift runs from 4 p.m. on Saturday until 5 a.m. on Sunday morning. The managers have claimed £7.20 as a premium payment for working a further hour at the end of the shift. This was a sticking point in negotiations but it is understood that management could focus in this area.

The difference between the two sides over the full claim is the gap between the management's offer of £100.13 for a shift on a maximum 64-page paper and the managers' claim for £108.03.

It appears that at last week's meeting between NGA officials and the machine managers little overt pressure was placed on the managers to give ground to save the 1,000 jobs of other staff threatened by the closure.

The newspaper, which has maintained that to settle the original claim would cost a further £250,000 in consequential claims, has sent dismissal notices to all staff because of the dispute. It set October 19 as final publication date if no solution is found.



Whenever the facilities in a washroom aren't functioning efficiently, it can lead to a great many problems for a great many people.

Rolls for instance, are continually running out at the wrong time.

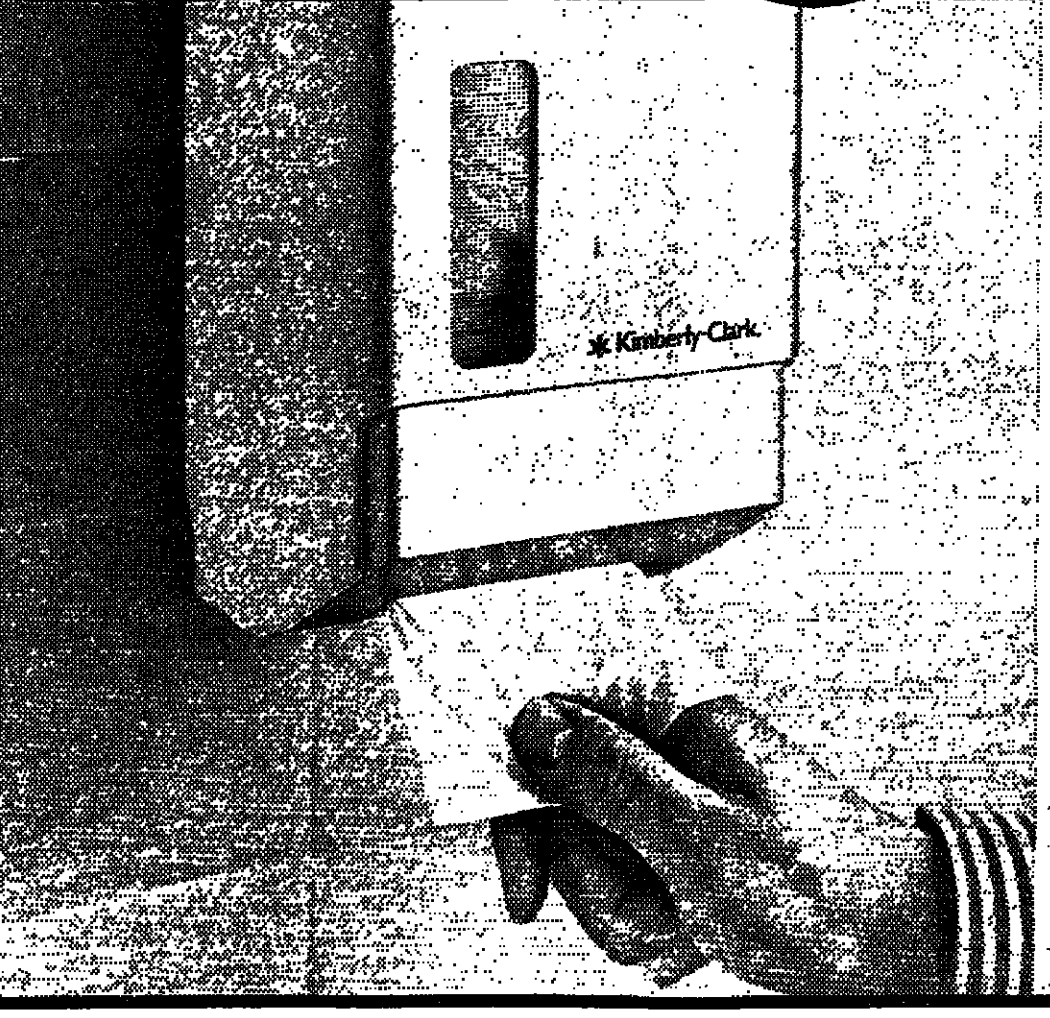
A situation which isn't helped by people tearing off more than they need.

Alternatively, there's considerable wastage on replacement when the janitor has to provide the washroom with new rolls before the old ones have completely run out.

So whatever happens, either the employees lose their patience or the company loses money.

The roll problem however, is just one of the many washroom problems for which Kimberly-Clark are developing solutions in

## MAN VS MACHINE.



order to make all washrooms more efficient and less trouble for everyone concerned.

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# Building and Civil Engineering

## £19m Norwest Holst awards

VALUE OF work just awarded to Norwest Holst companies is worth over £19.5m.

British Gas Corporation has awarded a £12m contract to Norwest-Soceta (a 50/50 joint venture between Norwest Holst Civil Engineering and Soceta (Great Britain) part of the St. Gobain Pont a Mousson Group). This covers the laying of 94,000 linear metres of 1,050 mm welded steel epoxy coated pipeline, with road, river and rail crossings between Coldstream and Corbridge in Northumberland.

Three contracts together worth about £3.3m have been won by Norwest Holst Western, including a £2.3m contract for the construction of retail warehouses for Co-operative Retail Services' Leo's Homeware Centre at Talbot Green, Mid-Glamorgan.

Other work in this total includes a £405,660 contract for Cwmbran Development Corporation for factory units, and over £1m for BP Chemicals for new stores and offices at Sully, South Glamorgan.

Included in £4m of work awarded to Norwest Holst Civil Engineering is a £1m contract from the South West Water Authority for pumping stations and mains replacement of foul sewers, storm sewage overflows and pipelines, surface water culverts and a flood

storage reservoir at Totnes in Devon. Work has been started here by another contractor but not completed.

This subsidiary has also won work for Northumbrian Water Authority (£824,000) involving coastal interception sewers of the Tyneside Sewerage Scheme: a £382,000 job for Powell Duffryn Quarries for modifications to the stone handling facility at Colwyn Bay for re-routing the A55: Welsh Development Agency contract (£300,000) for bulk excavation etc. at Mawddach Industrial Estate: £192,000's worth for Mid Glamorgan County Council: £488,000 for Merthyr Tydfil Borough Council: and an advance works contract for Welsh Health Technical Services Organisation on behalf of the Mid Glamorgan health authority.

Another company in the group, Robert McGregor, has been awarded a £93,000 project by the Warrington New Town Development Corporation for the construction of the Oakwood Gate footbridge at Warrington Northern Expressway Stage IV.

McGregor (Paving) has a £90,000 contract from the PSA for repairs to concrete aircraft pavements at RAF Wittering, near Peterborough, and Nott Brodie has received just over £1m worth from the Central

Electricity Generating Board for the replacement of roadway surfacing, etc., at Berkeley Nuclear Power Station, Glos.

## £2.2m flood prevention scheme

THE WELSH water authority has accepted a £2.2m tender from A. Monk and Co. for undertaking the River Taff flood protection scheme in Cardiff.

Monk will be starting work on the river channel today along a 4 kilometre stretch of the river between the Western Avenue and Penarth road bridges.

The site is bounded by a conservation area and flanked by urban development. Particular attention will be given to an immediate level of flood protection at Pontcanna Fields with some 83,000 cubic metres of embankment.

The scheme is designed so that, even while under construction, it will be able to help the existing defences to cope with adverse river flows causing flooding at present. Some 27,000 square metres of fabric-form concrete mattress is to be placed.

Consulting engineers are Sir William Halcrow and Partners.

## Wimpey at work in Trinidad

MINISTRY OF Education and Culture, Government of Trinidad and Tobago, has awarded an £11m contract to George Wimpey (Caribbean) for phase II of the West Park Stadium in Trinidad.

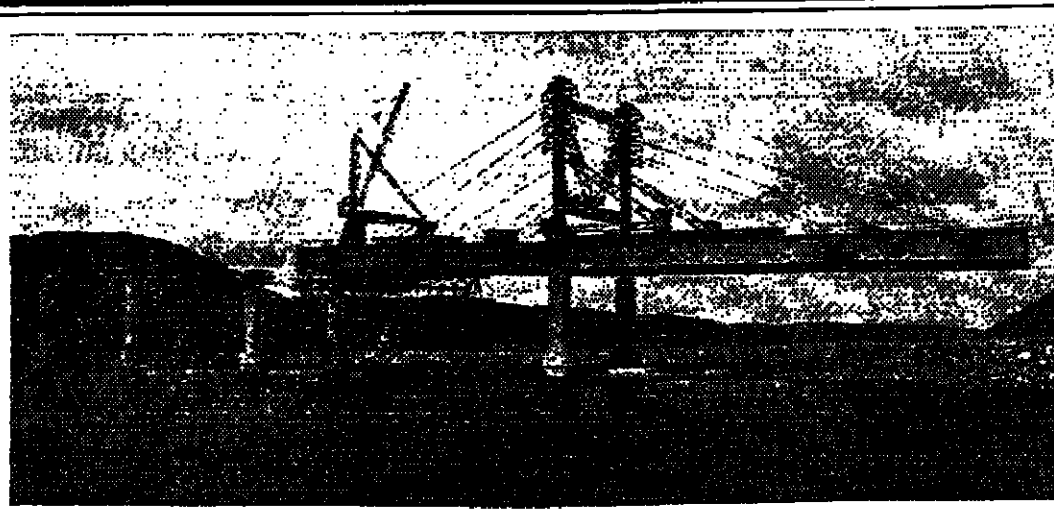
This involves the construction of an athletic and football stadium for some 20,000 spectators and will have reinforced concrete foundations and precast terraces with structural steel framework and roof. Work is expected to be complete in December 1981.

Back in the UK, Wimpey has won a £31m contract for a commercial project at Harpurhey, Manchester, awarded by Associated Dairies.

This project, called The Harpurhey District Centre, calls for the erection of a superstore, secondary retail unit, offices, 14 shop units and 10 flats, totalling 11,900 square metres floor area. The superstore will be in structural steel frame clad partly in brick and partly in vertical asbestos slating. The shop units and flats are to have loadbearing brickwork with pitched roofs.

Offices will be in precast concrete frame with brick cladding and pitched roofs, and the secondary retail unit is to have a structural steel frame faced with brick.

Work commenced on the Manchester scheme last week and is due for completion in July 1981.



Installation of temporary ropes is now well underway on Keswick Bridge over the Beunly Firth near Inverness, Scotland. This 1,052 metre long bridge is being built for the Scottish Development Department by the Cleveland RDL Keswick Consortium which was formed by the Cleveland Bridge & Engineering Company of Darlington and R.D.L. (Contracting) of Bedford. British Ropes, a British subsidiary is supplying the temporary

ropes used during erection of the structural steelwork and the permanent ropes for staying the 240 metre main span in the centre of the crossing. The ropes are of galvanised spiral strand construction and are being made at the company's Doncaster plant in South Yorkshire. Installation of the permanent ropes for the main span will take place in 1981. Joint consulting engineers are Ove Arup & Partners and Crouch & Moss.

## Projects in south-west

MOWLEM GROUP subsidiary, E. Thomas and Company of Ponsanooth has been awarded civil engineering and building work worth £2m.

Largest contract, awarded by Penwith District Council, is to modernise 106 homes on the Gwarys Estate, Newlyn, at a price of more than £730,000, and involves rewiring and re-plumbing as well as re-roofing and installing insulating claddings.

This council has also awarded a £492,000 contract for the company to build a block of 21 flats at Cherry Gardens, New Street, Penzance.

Work on the Kenwith Valley flood alleviation project for Torridge District Council is worth another £350,000, and other jobs are for Guinness Trust, St. Ivel, Nalder & Son and English Industrial Estates Corporation.

## Pipes and fittings

ORDERS FOR concrete lined ductile spun iron pipes and fittings worth more than £3m have been placed with Stanton and Staveley, part of British Steel Corporation, by the North Surrey Water Company and the Mid Southern Water Company.

In north Surrey, 20 km of 900 mm diameter pipes will link the water company's Egham works with the Surrey Hill Reservoir of the Mid Southern Water Company which, in turn is using a further 3.52 km of 1200 mm diameter pipes to construct inlet and outlet mains at the reservoir.

## Road gritting machine

A PORTABLE gritting machine which can be slipped inside any 7/8 ton converted tipper truck body has been developed by Cotswold Roller Hire, Stratford, Wotton Road, Breton, Evesham, Worcs. (0886 830354).

Compared with a traditional specially constructed gritter vehicle, comprising cab, chassis and hopper of similar capacity, which may only be used occasionally, this machine will save up to two-thirds in price and is also more economical in use.

The self-powered prototype has a Robin four-stroke petrol engine and is mounted on a Leyland Comet 16-ton gross tipper chassis and has been designed as a drop-in skip to be used by council or sub-con-

tractor vehicles of 7/8-ton capacity or more without any modifications.

Because it is self-powered, a vehicle fitted with a power take-off is not required, and the maker claims that the Cotswold gritter is the only British made unit fitted with an auger rather than a conveyor belt to feed the spinner. Speeds of auger and spinner can be individually controlled for economy.

The gritter unit weighs one ton and the hopper has a capacity of 7 tonnes; the Robin engine is fitted with an electric starting device for ease of operation, and the unit can be quickly fitted and used as required in any suitably-sized tipper body without the need for modifications.

## Buries cables in sea bed

AN AUTOMATIC trenching machine for burying power cables and flexible pipelines underwater has been designed and built by Tecnomare, which has links with Italian group ENI, known as the TM-402, the machine is claimed to operate in depths down to 160 metres and to be capable of digging trenches in varying seabed soil conditions.

It can be operated automatically or, when required, under remote control from the surface through an "umbilical" cable. Total weight on the seabed is 13 tonnes (22 tonnes on land) and a maximum dredging depth of 1.5 metres is claimed. Maximum

forward trenching speed is said to be 400 metres an hour. Various types of digging tool are available to suit different seabed conditions.

Since the machine is unmanned under water, a remote control system on board the surface support vessel provides either automatic operation, through a process computer and a video display panel, or manual guidance using information from the instruments fitted on the underwater vehicle.

The auxiliary equipment, including the 200 hp diesel-electric generator set, weighs about 50 tonnes and requires a deck area of about 400 sq. metres.

### IN BRIEF

- Halifax Building Society has placed an order with the Percy Lane Group for Planet solar collectors for its new office block being built at Huddersfield.
- Amey Roadstone Construction has won contracts worth over £1m from the Property Services Agency for three airfield contracts. These will be at RAF bases Upper Heyford, Oxon, Lyneham, Wilts, and Bentwaters, Suffolk.
- Two industrial buildings housing training facilities for the aviation industry are being built at Crawley, Sussex by Y. J. Lovell (Southern) for Slough Estates Design and Construction.
- British Gas says that work is to start on the second phase of the new major high pressure transmission pipeline currently being laid in Scotland to handle additional supplies of gas from the North Sea.
- Degremont Laing has won a £700,000 contract for the design, supply and erection and commissioning of the mechanical and electrical equipment for a sewage sludge anaerobic digestion plant at the Bury Sewage Treatment Works.
- Merlin Gerin, continuing its collaboration with the Abu Dhabi National Oil Company (ADNOC), has received further orders for the electrical equip-
- ment needed in the Zakum offshore installation and the refinery and gas separation unit at Ruwais, an area which is to be extended to cover a variety of industries and accommodation for their workers. No details of values have been given but to date ADNOC contracts with Merlin Gerin amount to FFr 70m of which FFr 15m was won last year.
- Farrow (Northern) has a £700,000 contract from Warrington Development Corporation to redevelop the site of a former munition store to provide 28 mini-factories.
- Glazing contracts together worth about £4m have been awarded to the Oxford and Milton Keynes branches within the eastern division of James Clark and Egan and include 2,000 solar controlled sealed double glazing units for the new Joint European Research Centre at Culham, Oxon.
- Permanite says that its roofing and waterproofing materials products are to be made available off-the-shelf throughout Saudi Arabia following a link-up with Ba-Abbad Trading Establishment which has branches in Riyadh, Jeddah and Dammam, as well as in North Yemen and Kuwait.

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## Tidal flood defence

A CONTRACT valued at £2.4m has been won by Mears Contractors for Thames tidal flood defence work at Gravesend, Kent.

Awarded by the Southern Water Authority, the 15-month contract, scheduled for completion in November 1981, involves protecting a number of private frontages. Called for are reinforced concrete retaining walls, steel sheet pile walls, flood gates, a surface drainage system and ancillary works.

At Banbury, Oxon, Mears is to build single storey warehouses for Promethus Appliances under a £235,000 contract.

## Warehouse work

FURTHER INDUSTRIAL/commercial contracts in Yorkshire and Lancashire are worth about £1.3m to J. and J. Fee of Southwark, Halifax, member of the Fee Group of companies.

Work includes a new warehouse in Leeds for Sheffield Insulations; and at Bury, warehouse units at Bridge Trading Estate, and a job centre and offices. Both of these latter schemes are for House Of Orange Developments of Harrogate.

## Awards to Walter Lawrence

WORK JUST announced by the Walter Lawrence Group is worth over £1m and includes three contracts with a combined value of over £800,000 for construction work at RAF Stations Woodbridge and Bentwaters.

The first project is worth over £1m and involves a fuel systems maintenance dock at Woodbridge. Alterations to the airman's mess at Bentwaters is valued at £200,000. Final job in this group is valued at over £144,000 and is for a reserve fire team facility at Bentwaters.

# Where?

Thinking about relocation. But where? You will have a set of views, opinions and prejudices about different areas of the country. This forms your geographical 'mental map' through which you sense the relationship of one place to another. But with so many carefully manipulated maps about, it's easy to confuse your 'mental map' with reality.

We don't intend to confuse you. No manipulated map. Just straight talking. Quite simply Northampton's gazetteer reads: midway between London and Birmingham on the M1, close to the M6 junction and therefore within easy reach of most of the country. Indeed, 50% of Britain's industry and 57% of its population is within a 100 mile radius. The major sea ports of London, Southampton, Bristol, Immingham, Felixstowe and Harwich are all within a 100 mile radius. Birmingham, Luton and East Midlands airports are within 50 miles. Heathrow is about 70 miles away.

An inland customs depot with full import and export facilities, ready-built industrial and commercial premises or fully serviced sites, a wide choice of homes to rent or buy, good shopping, educational, recreational and entertainment facilities, as well as lots of open space, provide the infrastructure of this mature county town of regional influence.

## expanding NORTHAMPTON

for a straight answer  
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Northampton Development Corporation  
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## MANAGEMENT

## A health hazard appears before your very eyes

A NEW health hazard is rearing its ugly head in the office. The ubiquitous video display unit — the keyboard and television screen connected to a computer — is considered to be potentially damaging.

And if the use of computer terminals, grows at the rate which some pundits would have us believe, it is a health hazard to which increasing numbers of the population will be exposed.

In the U.S. more than 1.6m video display units (VDUs) were in use last year and the number is expected to increase dramatically in the near future. Again in the U.S. many top executives run their own personal computers in their offices. VDUs, therefore, represent a health hazard to all ranks of workers.

In the past there have been several scares about possible risks of ionising and non-ionising radiation being emitted from the screen, particularly because operators sit only a few feet away, and for much of the working day. But no proof has been found.

However, a survey conducted in the U.S. has found that VDU operators suffer far more than do other colleagues from a wide range of health problems and stresses.

The study, conducted by the National Institute for Occupational Safety and Health, looked at three major sites where there were a number of operators using VDUs and compared them with other workers on the same sites.

A much greater number of the VDU operators suffered from eye strain, blurred vision, irritated eyes, sore shoulders and wrists and hand cramps than did the other groups with whom they were being compared.

Jason Crisp

## Business courses

Office of the Future, Brussels, September 3-5. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels, Belgium.

Developing Skills in Problem Solving, Henley-on-Thames, September 1-5. Details from The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire RG9 5AU.

Companies Act 1980, London, September 26. Details from Charterhouse Management Courses, 23/24, Old Bailey, London EC4M 7PG.

How to buy and use a Micro-computer, London, September 28. Fee: £85 (plus VAT). Details from British Institute of Management Foundation, Management House, Parker Street, London WC2B 5PT.

HAROLD COOPER is becoming increasingly reflective about his successes and failures as retirement approaches. Aged 63, he has spent his entire working life in the textiles business. He has seen the industry swing from dizzy heights to near rock bottom, and then back again. At the moment it is at a cyclical low with both manufacturers and retailers falling thick and fast as the recession deepens.

But Cooper is far from unhappy; in fact he has every reason to be positively smug. For 34 years he has presided over a family company whose profits climbed steadily before mushrooming in the last decade. Its average rate of profits increase over the past five years has been 65 per cent a year, with margins rising progressively to more than 13 per cent in 1979. Over a 10-year period profits have rocketed by well over 1,000 per cent to more than £8m on sales of £70m.

The company's share price has been equally impressive. Over the last decade it ranked fourth among the best-performing shares on the London Stock Exchange.

The company is the Lee Cooper Group, and its business is jeans. It is unusual in that although UK-based, its manufacturing units are located almost entirely overseas, from where more than 90 per cent of group profits emanate. Equally unusual is the company's history, which went public in 1959, has achieved its impressive growth exclusively from using retained earnings and borrowings and without recourse to new cash from shareholders.

"We have never had a rights issue and don't have one planned for the foreseeable future. I have always believed in regenerating our profits," says Cooper.

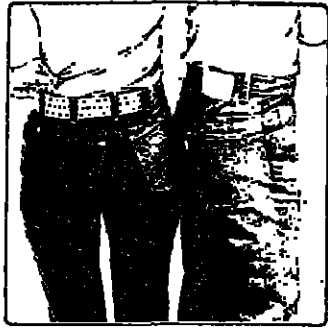
This approach to financing reflects Cooper's conservative nature and probably helps account for the fact that other major jeans manufacturers have achieved even better growth records over the same period.

In spite of this Cooper has only one regret—that in the UK, unlike elsewhere in the world, he did not invest in the best people soon enough. "In this country Lee Cooper was effectively a one-man band. I now realise how stupid I was not to bring in top people years ago." He also reflects wistfully that a former employee, Alan Landau, is now boss of Falmers, an arch UK competitor with a slightly bigger British market share.

Among the branded producers Lee Cooper ranks about fourth or fifth world-wide in terms of unit sales after such companies as Levi Strauss (\$2.1bn turnover in 1979), Wrangler and H. G. Lee, all U.S. companies.

## Lee Cooper—a jeans maker legging it around Europe

Arnold Kransdorff on a UK textile group which chose to manufacture largely abroad



(There is no connection between H. G. Lee and Lee Cooper. The "Lee" in Lee Cooper is the maiden name of Harold Cooper's wife.)

In the UK, where demand for jeans is about one pair per head per year (less than half the U.S. rate), the rankings are slightly different, but U.S. companies still dominate the market. Levi Strauss has the firmest foothold with nearly a fifth of the market followed by Wrangler with just over a tenth; Falmers, a private manufacturer, follows with about half that amount and Lee Cooper and Marks and Spencer each have slightly less than 5 per cent.

Although Lee Cooper is dwarfed by its U.S. rivals it nevertheless is still a significant force in the international market place. It produces about 12m pairs of jeans a year, mainly for the European market.

The company's origins go back to 1908, when it was founded by Cooper's father, Morris. In those days it produced workwear, mainly overalls. It never made much profit, and when Harold Cooper stepped into the driving seat in 1946 after wartime service in the RAF, it was a small loss-maker, in spite of some useful military contracts.

At the time the company made a substantial amount of merchant navy clothing; because of this, it was given a "favourable" allocation of denim clothing during the rationing period after the war.

In those days coupons were necessary to buy articles of clothing. "The working man had to be encouraged to work, so the Government stipulated a



Harold Cooper: "Jeans are a greater leveller of society than even Wedgwood Bann."

low coupon rate for workwear," Cooper recalls.

"So work trousers suddenly became very popular and men started wearing them during their leisure time. They also liked them tight-fitting to show off their manhood. It was the beginning of the sexual revolution."

Since then the popularity of jeans has exploded, cutting across both class and age barriers. "At first the market was confined to young people, but those young people have continued wearing them into their 40s. Jeans have been a greater leveller of society than even Wedgwood Bann," he adds.

Over the years the jeans market has proved to be particularly resilient to recession, unlike other textile products. Current worldwide sales are showing some weakness but Cooper attributes this to bad weather rather than any underlying slump in consumer spending.

"I was always a bit of an idealist about the EEC. Rather than export I thought it better to manufacture in Europe, which has now become our hunting ground," he says. So, initially, Lee Cooper started up manufacturing units in Holland, France, Denmark, Italy, Bel-

gium and Switzerland. "We tried to manufacture in Germany but didn't do it properly. We haven't gone back because it would cost too much now."

Today, Lee Cooper has rationalised manufacturing capacity into five countries. The largest factory, capable of producing 12,000 pairs of jeans a day, is located in Tunisia. There are also three plants in France, two in the UK, one in Denmark and another coming on stream in Greece.

In addition the company has licensing agreements in Japan, Australia, Iceland, Yugoslavia, Finland, Jordan and Greece. Cooper hopes to add another Eastern European country to the list "in a few weeks."

## Aggressive

This part of the operation is relatively new. To date, royalties just cover costs. Cooper predicts that licensing will become increasingly important to the business. "In less than a decade royalties could account for a fifth of group profits," he says.

Apart from the licensing deals, Lee Cooper's marketing strategy is to sell direct to retailers. This is normal practice for branded jeans manufac-

turers. A heavy emphasis is placed on design and quality control, with the back-up of aggressive marketing. "Jeans are one of the few clothing items, apart from shirts, that are branded, so advertising is very important." Worldwide the company's advertising budget is about £4m a year, of which about £700,000 is spent in the UK.

For the future Cooper continues to be bullish about jeans. "Over the past 30 years I've been asked how long it can last. I've always been optimistic. I continue to be so."

He bases this on a number of factors. In the first place the communist world and much of the developing world is still largely untapped. Secondly he believes that customers will not stop wearing jeans as they get older, and the market will therefore continue to increase.

As far as Lee Cooper is concerned, he believes it will be able to increase its market share at the expense of non-brand manufacturers. "Two or three years ago a manufacturer's exhibition would attract around 200 companies, most of them producing non-brand items. Today a similar exhibition only attracts around 60,

which illustrates how branded merchandise is becoming more important."

To back up this expected growth Cooper is allocating £7m of capital expenditure for 1980-81. This will provide a warehouse and another manufacturing unit in France. The Greek factory is expected to be in production by the end of the year, while one of the UK factories could increase capacity if required.

"Beyond that we have nothing on the drawing board, but it does not take long to set up a factory. If we need extra capacity we can always use subcontractors as a stop gap."

Meanwhile, the short-term outlook is restraining the company's track record on the Stock Exchange, and the shares are currently 38 per cent lower than the peak level of 225 in 1978.

Apart from trading factors, Lee Cooper has two other impediments to cloud the profit and loss account — the strength of sterling and its relatively high level of gearing.

The former is critical as almost all profits are earned overseas. The company calculates that had the pound not strengthened, 1979 profits would have been more than a tenth higher at around £10.2m pre-tax.

As for borrowings, they have traditionally been maintained at around 75 per cent of shareholdings funds, but this has jumped because softer demand has pushed up stock levels. Fortunately, most funds are raised outside the UK, where interest rates are lower. This might encourage the company to reconsider its policy towards funding future growth.

Such a move would certainly have the support of the company's 1,000-odd outside shareholders, whose dividends have been restricted over the years by the extensive use of retained profits. They hold roughly half of the £4m issued share capital, the balance being held by Cooper's family interests.

Cooper agrees that the current year's profits are unlikely to show the level of increase shown in recent years. "I'm not going to stick my neck out save to say that we're not going to have a bad year."

As chairman he will stay at the helm for another year or two. Thereafter the company's destiny will probably be in the hands of a Frenchman, M. Pierre Pouillot, the deputy chairman and managing director.

With all that momentum behind him there is no reason why he should not be able at least to maintain the group's position as the largest non-U.S. based manufacturer of branded jeans in the world.

## Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

## ENERGY

## One-bladed airscrew power idea

WIND POWER is clearly being taken seriously by Messerschmitt Bolkow Blohm of Munich; this West German company has been working since 1978 with the Federal Ministry of Research and Technology towards the design of very large wind generator called Growian II.

Growian is an acronym for Grosse Windenergieanlage (large wind energy installation). It will have a single 75 metre long blade, counterbalanced, with its rotational axis about 120 metres above the ground. The blade will be constructed from fibre-reinforced plastics and the single blade configuration has been chosen since, for suitable speeds and airflows the lateral blade dimension will be seven metres at the end, giving good stiffness and strength.

The blade will turn at about 17 rpm and is to be connected to a five megawatt generator about the size of a comfortable detached house. Power output will be sufficient for 400 to 500 houses and the fuel oil equivalent burnt in a power station

will be about 6,000 tonnes annually. Messerschmitt has had considerable experience in helicopter blade design and gives as another reason for the single blade design the fact that problems of symmetry in such a large unit will not arise.

The blade will begin to turn in a force 4 wind (11 m/s), and rated output will be available at 11 m/s and 17 rpm, this speed then being held by varying the pitch until the blade has to be feathered in very high winds. In this condition however, it will stand up to winds touching 60 m/s, the highest measured or estimated to date.

Apparently the designers see fixed high velocity winds as much less of a problem than sudden gusts or calms and this is still under design consideration.

A model scaled down 3:1 is to be built at Bremerhaven before the end of next year, yielding knowledge. It is hoped, for the final design.

More from the German Research Service, Albstadt 45 (Wissenschaftszentrum), Postfach 305006, D5300, Bonn 2.

## PROCESSING

## Getting the right design

POOR operational efficiency of process plant can be eliminated even before production begins, according to the Design Audit Group, a subsidiary of British Steel Corporation's Tubulose Division. The group has developed a technique for the preliminary vetting of new capital equipment to ensure that the design, as offered by the main contractor concerned, is capable of achieving the required output over the entire working life of the plant.

This technique is claimed to have been adapted from the United States National Aeronautics and Space Administration's space programme review system, which uses advanced reliability modelling packages to ensure not only that the total system has maximum reliability but that the failure of one component will not wreck the mission.

The Design Audit Group claims that comparable audits

carried out in the process industry so far have spotlighted many design weaknesses which would have led to costly delays. First, a team of engineers of various disciplines and economists is assembled to examine the equipment and plant layout. Then the team decides if the design as offered is likely to achieve the rated output. If a shortfall in output is predicted the team suggests changes in equipment design, plant layout or maintenance schedules.

The audit, which takes a few weeks to complete, cuts the total project time by having all the specialists available when they are needed. Project management can therefore concentrate their own energies on ensuring that the plant is completed on time and within the agreed budget.

The Design Audit Group is based at 1 Union Street, Kingston-upon-Thames, Surrey (01549 7411).

## INSTRUMENTS

## Clamp-on voltage meters

ONE DIGITAL and five analogue clamp-on current and voltage meters are offered in a new range from Eagle International, Heather Park Drive, Wembley HA0 1SU (01-902 8832).

The model PK 210 for example, is able to measure up to 3,000 amps for short periods; it has six current ranges starting at zero to 10 amps full scale and increasing in 10 dB steps in accordance with IEC recommendations. Voltage range are 300 and 600 Vm range selection is by means of a single selector knob, and the accuracy is said to be better than +2.5 per cent.

Jaws of the meter, operated by a single lever, are able to encompass cables of diameter up to 54 mm.

## MATERIALS

## Insulation board

A RECENT addition to the Royal Institute of British Architects list of approved products is Kay-Cel insulation board, which is claimed by the manufacturer, Kay-Metzel, to be almost impermeable to water. Even when soaked in water, any increase in its thermal conductivity is said to be minimal.

Kay-Cel board insulates a wall to Building Regulation standards without totally filling the cavity between the courses, thus leaving an air space to prevent the passage of water. The material is supplied in a range of standard sizes and thicknesses and can also be used as a dry lining for roofs or as underfloor insulation.

Details from Kay-Metzel, 16-18, Robert Way, Wickford, Essex (03744 5478).

## Making it stick

A RANGE of adhesives claimed to be suitable for use with a wide variety of wall coverings has been developed by the building products division of Industrial Adhesives, Moor Road, Chesham, Bucks (02945 4444).

The new adhesives, Indatex SE 1528, 1529 and 1538, are claimed to have a high resistance to mould growth. They are supplied in quantities from 1 to 200 litres.

## RESEARCH

## Keeping the barnacles at bay

SURFACES OF ships and boats are vulnerable to fouling by barnacles and green slime, and the conventional means of controlling these hazards has been to mix poisonous chemicals (such as ordinary garden herbicides) into the paint applied to craft's surfaces.

Drawbacks with this method are twofold: firstly, the toxic chemicals quickly percolate into the water (some herbicides are even soluble in sea water) and subsequently become ineffective against the slime; secondly, the modern anti-fouling coatings presently used can be poisonous to man when they are being applied.

Research into a more effective and safer means of controlling algal slime has been directed by Dr. A. Williams, senior lecturer in chemistry at the University of Kent. His work

has been aimed at providing the necessary information to enable the manufacture of a new form of marine anti-fouling paint which has a working life of controlled length and which can be coloured in the normal way.

Dr. Williams and his team have now devised a method whereby chemicals known to be deadly to barnacles and green slime are incorporated into marine paints in a method which does not just mix them together, but chemically combines within the molecular structure of the paint itself.

Thus, says the university, by using advanced techniques of organic chemistry, the chemicals — or toxin — and the paint will become almost inseparable and should overcome the problem of rapid "leaching" (percolation). Important considerations in the research has been ensuring

## ELECTRONICS

## Assists circuit board assembly

TO HELP in the correct insertion of components into the drilled holes in printed circuit boards several systems exist which project a 35 mm film strip or beams of light on to the surface of the board.

Now, Markris Electronics of 1, Queensway, New Milton, Hampshire, BH25 5NN (0425 618707) has developed a software-based system which makes use of projected images from the face of a cathode ray tube.

An important advantage of the technique is flexibility; if new or modified boards have to be assembled the projected images can be re-programmed in a much shorter time than that taken to expose a new film and have it processed. The inconvenience and time consumed in finding a particular frame to do a check is also removed; any frame can be brought up on the CRT by button depressions.

Programming is achieved using an alphanumeric keyboard with positional cursors and the program for assembling a particular board is built up in much the same way as for a film strip. The programmers can call up circuit elements, position them by projection on to an actual board, and then freeze them in semiconductor memory.

When all the components have been assembled, alphanumeric instructions can also be added to each frame which, during assembly will tell the operator exactly what to do.

During the programming procedure, all the data assembled is held on random access memory so that second thoughts can always be incorporated.

When all is decided, the complete program of up to several hundred frames (dependent on content) is committed to electrical programmable read only memory. It can then easily be copied for use on other work stations. However, alterations can also be made by putting

the program back into RAM, affecting the changes, and then producing a new final memory module.

The workstation is only 2 ft x 5 ft in size, can be carried through normal doorways and takes its power from a normal 13 Amp socket.

## COMMUNICATIONS

## Streamlines message handling

ANOTHER MAJOR UK company has cleaned up its message communication system with a processor-based message switching system.

The equipment, put in by Format Communications for the Legal and General Assurance Society, will not only streamline message preparation, handling and routing but has also reduced the number of leased Post Office lines to serve the various locations from 13 to five.

Five centres are linked by the network at Milton Keynes, Hove, Southgate in North London, Kingswood, Euston and Queen Victoria Street, London, the communications centre.

Apart from applying the acknowledged advantages of store and forward systems — holding a message until it can be sent if a line is busy, queuing messages in priority order, making best use of lines, etc. — this particular equipment, MRS100-16, makes use of visual display units with keyboards which, as well as making message preparation simple, also allow word processing to be carried out.

One outcome of deploying the system is that L & G now has a single telex number instead of one for each location. Outgoing

messages are prepared locally and then sent to Queen Victoria Street for transmission via the MRS100. Incoming messages are sent direct to the proper local address. The system can also easily take off messages with multi-addressing, and some 3,000 codes of frequently-called numbers can be stored in the machine's "library" to simplify addressing and routing.

A careful watch can be kept on traffic loads and costs because the system provides daily and monthly statistics. Messages sent via the public network can be itemised and internally charged. At the end of each month a summary can be provided.

For communication in different time zones, a useful feature of the MRS100 is unattended operation; messages can be prepared during office hours and sent in the middle of the night if necessary.

Format Communications is at Cowley Mill Road, Uxbridge, Middlesex (Uxbridge 30678).

## SNORE YOUR WAY TO NIGERIA.

Next time you want to fly direct from Heathrow to Nigeria, discover the advantages of snoring compared with ordinary jet travel.

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View from the finishing post of the new stand at Goodwood

## Architecture

## Glorious Goodwood

by COLIN AMERY

It is a well known fact that Goodwood Racecourse is one of the most beautifully sited courses in the world. It lies 600 feet up on the top of the Sussex Downs and was laid out as early as 1802. The course itself is a horseshoe shape curved along the top of a deep wooded valley with magnificent views. Naturally enough such a beautiful slice of country has been declared an Area of Outstanding National Beauty. When it was decided to build a new grandstand for this glorious course everyone in the environment protection business got rather excited. The old grandstand which had to be replaced was a jolly Edwardian building designed by A. J. Henderson of Esher, which had just the right atmosphere of boaters and champagne.

## Oxford Playhouse.

## Simple Spymen

by MICHAEL COVENEY

In the world of Brian Rix's Whitehall farces, the laughter generator is stocked high with funny foreigners in fizzes and dark glasses, single elderly ladies in small hotels, lobbied secret agents, and a whole host of shuffling around in white pinstripes. *Simple Spymen* (1958) by John Chapman is one of the very best of the genre and has been given an absolutely irresistible revival by Mr. Rix as his contribution to the Oxford Festival and his farewell to the theatre. For, later this year, Mr. Rix is securing his trousers for good and devoting the rest of his working life to the mentally handicapped.

Just as we have discovered that the Ben Travers Aldwych farces may well have a life independent of the team for which they were written, so the time could prove ripe for a fresh look at the Whitehall collection. A tradition of critical snobbery has grown up around these plays, partly because they were so blatantly popular but chiefly because of our conviction that farce, unless written as a Frenchman, is an inferior theatrical species. More than any form of theatre, farce thrives on physical invention, teamwork and the relationship of actors to the stage hardware of scenery and properties.

No-one will earn degrees in the study of Mr. Chapman's dialogue, but it does sparkle with a sort of precise banality. "Are you going to France?" "No, Paris." "Will you be going to the Louvre?" (Pause and a pained expression) "From time to time." There are no very great sexual stakes to be

played for, as in Feydeau, but there is often a sharp sense of music hall innuendo, as when the hotel guest is unexpectedly reunited with her old military boyfriend and, perceiving his rank with a slippery glance down his body, remarks: "So you got your rise after all." The hapless Colonel later inquires of a disguised secret agent in the course of a surreal parlour game interlude ("Do you like chamber music?" "I'm potty about it."). "Do you know I've got a lovely bunch of coconuts?"

The plot concerns a frantic chase for a nuclear pile restorer in the possession of Dr. Grobchik, the funny foreigner. Two street buskers are pressed into service by an incompetent War Office working in conjunction with Mr. Forster Stand, a ludicrously upright chap from M15. At one point two rival secret agents, both disguised as Grobchik, peer at the real Grobchik from behind curtains and cupboards. There then develops one of those classical farcical mix-ups where mistaken identity melts into surreal fantasy.

One of the buskers was originally played by Mr. Rix. He has handed over to Derek Royle, who is simply one of the funniest men on the English stage. You can best imagine the quality of Mr. Royle's work by contemplating an amalgam of the serenity of Buster Keaton and the rubber-limbed antics of Max Wall. There are two priceless sequences in his performance. First, during a Whitehall rehearsal in the role of a French waiter, Mr. Royle serves an imaginary meal. Balancing

two invisible bowls of hot soup, he slithers slowly across the stage as his trousers gradually tumble to the ground. It is the concentration involved that makes the scene so funny, the fact that his ridiculous dilemma is being played for real. And secondly, as the action boils up in the Dover hotel, Mr. Royle dresses up in the Colonel's uniform with a plum in his mouth and a stick in his hand. In an incredible exhibition of molten mime, that stick, in the course of about 30 seconds, is used as a gun, an archer's bow, a fishing rod, a golf club, a flate and a violin bow. There were more, but I lost count and was, at any rate, in the grip of a convulsive fit.

Mr. Royle receives tremendous support from such stalwarts as Arthur English, Hazel Douglas, Peter Halliday and, a newcomer to the stage from the variety beat, the brilliant Harry Dickman. Serl Radomsky's sets have all the doors and cupboards in the right places and, more importantly, capture that quintessentially nostalgic smell of dusty locations inhabited only by Whitehall farces and posh British films of the '50s.

Once the National Theatre has done its duty by Priestley Rattigan and others teetering on the brink of theatrical respectability, I suggest they employ Mr. Rix on a sabbatical to investigate the ignored riches of English farce between Travers and Ayckbourn. John Chapman should be at the top of the literary manager's reading list, along with Philip King, Falkland Cary and Vernon Sylvaine.

## Munich Festival—2

## Wolf, Pfitzner, Strauss

by MAX LOPPERT

Wolf's single completed opera, *Der Corregidor*, Pfitzner's most famous opera, *Palestrina*, and Feuersnot, Strauss's second opera (and first operatic success), were all given in the space of four days towards the close of this year's Opera Festival. Each is a relative rarity, the more so beyond the German-language borders; each is capable of arousing passionate affection in partisans though generally held to be (to differing degrees) incompletely stage-worthy; and each, it seems to me, reflects its composer's particular kind of love and enthusiasm for Wagner's *Die Meistersinger*—the way that response has been filtered through a very distinctive musical personality tells the listener a good deal about all concerned. Wagner included, hearing and seeing these works in such close proximity afforded the pursuit of instructive comparisons and revealing contrasts; the cumulative experience was special in the way proper to (while by no means always synonymous with) festival-going.

In other no less significant ways, however, the concept of festival purpose was uncertainly maintained at Munich; for after scrutiny of the performances in question it could hardly be claimed that any definite attempt had been made to argue the peculiar merits of these works, that love and clarity of artistic purpose had combined in their re-examination. *Palestrina*, a production by Filippo Sanjust new last December, was conventional opera-staging at its very worst—almost sufficiently so to send the impatient spectator fleeing into the arms of producers like Friedrich Herz, and Harry Kupfer: worse, the work was acted, sung, and played with a looseness of ensemble and a lack of dramatic effect that suggested minimal rehearsal.

*Der Corregidor* was a concert performance conducted by Gerd Albrecht, unevenly sung and played (fair-to-middling orchestral work was a notable feature of all four evenings I spent in the Nationaltheater)—the usual excuse for concert versions of opera, that they can reveal the music to new advantage, could be advanced here only mildly. And *Feuersnot*, though in musical and dramatic terms a more decisive undertaking, was not without prominent flaws. For the present, at least, it seems that Munich's golden festival days are over.

"When all deductions have been made from *Der Corregidor* as an opera, it remains, as music, one of the most purely delightful works of the 19th century," Ernest Newman's adjectives of Wolf, elsewhere penetrated with what seems today a distasteful vein of intellectual snobbery, is still wonderfully vivid in the matter of this opera and wonderfully accurate on the character of its best moments, moments that can make the listener reverberate with a poignant delight and joy.

As often claimed, the score is a hoard of linked small marvels—Wolf appears to have seized upon the intimate emotions of *Meistersinger* (the Midsummer's Eve side-stage murmurings of Walther and Eva, the gentler courtesies

between Eva and Sachs, even Beckmesser's sympathetic moments) and distilled each one in a passage of concentrated fragrance. Yet except in the third act whose expertly judged proportions will always cause difficulty, the opera seems to me to discover its own peculiar manner of larger movement—now comically discursive, now needle-pointed in expression of tenderly felt emotion, unexpectedly tragic in the Miller's big jealousy outburst, just as unexpectedly grand at the delayed entrance of the *Corregidor*.

It would be a mistake to insist that the couple of hours spent with the Miller of Fischer-Dieskau, the *Corregidor* of Horst Laubenthal, and the *Corregidor* of Helen Donath were entirely wasted; but the first buffed and polished, unmercifully the second maintained a colourless correctness, and the third pressed hard on a voice too narrow in timbre for the part, while in the leading role of Frasquita, the Miller's wife, the young mezzo Ute Trekel-Burckhardt (substituting for Brigitte Fasshaender) sang with determination, spirit, and coarse, ill-focused tone. Kurt Moll as the Alcalde and Norbert Orti as Pedro were ennobled luxuries.

*Palestrina*, that massive, elevating, beautiful creation, as grandly structured and piled as a mature Bruckner symphony (and, to its detractors, quite as long winded), is a three-act dramatic meditation on the nature of art, the artist, and society—its more inspired passages seem almost to speak in the voice of a latterday Hans Sachs (the Wagnerian one, that is, not the actual Nuremberg composer). Its twin peaks are the long first-act scene in which Palestrina is visited and encouraged by the ghosts of famous composers past, and the scherzoso second act, an operatic version of the Council of Trent. It was hard to decide which of these was the more feebly staged in this Sanjust produc-

tion—the first, with its washings of shapeless grey gauze bunched aside by circling choristers, or the second, hampered through as a succession of tedious bit parts. The production was also dull to the eye. Sanjust's "pictorial" stage methods can be defended when the results are handsome (as in the new Covent Garden *Boccacchia*); when detail is slovenly and colouring insipid, defence becomes an unedifying task. In the title role, Peter Schreier lacked colour and emotional substance, as Cardinal Borromeo, Hans Klemmer (vice Hermann Becht) lacked grandeur of utterance; as conductor, Wolfgang Sawallisch lacked spiritual insight.

It is I think, a generalisation only a touch too sweeping to say that Strauss's *Singspiel* (Dresden, 1901) protects the folksy knockabout side of Wagner's mighty comedy into a one-act opera. Such a generalisation was helped by the cluttered Munich production of *Giocoso* (Dresden, 1901) whose way the crowd scenes was to fill the stage to capacity, at which point leading personages were not to be lost to the eye while an unchanged swirl of movement prevailed. The hero Kunrad, an intentional hybrid of the two Richards, Wagner and Strauss, was garbed in the characteristic outfit of the latter: black tie, waistcoat and trousers—amid sets and costumes otherwise insistently in *alter Zeit*: if this was a *Producers' Point*, it was a wholly uninteresting one. But under Gustav Kuhn, who made such a good impression at Glyndebourne this year, the music came up with energy and enthusiasm—one may take pleasure in the copiousness of Strauss's invention even when it runs to boisterous, garrulous excess. The large cast was led by Siegmund Nimsgern and the secure, somewhat colourless Sabine Haas (Dietrich) both full-voiced and mostly full-throated. Altogether, this *Feuersnot* wanted subtlety.



Siegmund Nimsgern and Sabine Haas in 'Feuersnot'

## David Mercer

acumen, most memorably in *After Haggerly* (1970), arguably his best play. His first stage success was with *Ride a Cock Horse* (1965) starring Peter O'Toole.

He came to the theatre via television, but was never as successful an experimentalist on the stage as he was on the small screen. Some of his later plays, especially *Duck Song* and *Conan Vladimir*, both presented by the RSC, were disappointing.

But in the mid-1960s his combination of Marxist philosophy, Laingian psychiatry and Yorkshire grit, frequently wrapped up in dialogue of great force and beauty, made him a solid reputation.

His best known screenplays were *Morgan!*, *A Suitable Case for Treatment*, *Family Life* directed by Ken Loach, and the hauntingly ambitious *Providence* for Alain Resnais. M.C.

## Albert Hall/Radio 3

## Opening of the Proms

by MAX LOPPERT

Twenty concerts lighter than originally scheduled, and delayed by circumstances that combined tragedy, scandal, and farce, the 1980 season of Henry Wood Promenade Concerts opened on Thursday. Now that the BBC and the Musician's Union have settled a dispute that reflected only indignity on the administration and the cultural concerns of the former, let us look forward to the possibility that one or two of the BBC heads more visible during its long and unpleasant course may be set to roll—they richly deserve to. And let it not be forgotten, amid the waves of justified sympathy for the protesting musicians—the salute by Thursday's audience to the BBC Symphony Orchestra on its first appearance was long and full-hearted—that in the no-distant past the Musician's Union has not always shown itself worthy of the unreserved admiration of ordinary musicians.

Meanwhile, for the rescue of the Proms there can be only gratitude and prolonged cheering. The programme of the opening concert, conducted by John Pritchard, was placed in a light of unexpected significance. It bore the burden of celebration and thanksgiving excellently: Mahler's Fourth Symphony in the first half (its last movement a vision of heavenly happiness graced by "Cecilia and her relations" given a special new relevance); and Berlioz, Messiaen, and Ravel in the second.

Expectations that the concert would find both conductor and orchestra in best form were amply gratified. The Mahler symphony was played with a rare and beautiful quality of flowing lyricism; it was a light, unforced performance of great and special distinction, which retained one of Mr. Pritchard's Mozartian gifts while divining, one after another, all the pastoral felicities in the scoring of Mahler's most "classical" symphony. It was not a performance in which beneath the pastoral colours there was discovered a vein of passionate bitterness; the climaxes of first and third movements were both slightly underpowered and that of the latter swam temporarily but noticeably out of tune. But Mahler readings full of Schumann and heart-searching intent on squeezing the emotions to the last drop, are more familiar than those of Pritchard's kind, in which the lines sing and the tone remains limpid and buoyant for long stretches. Among many instrumental solos of unusual character, there must be a word for Alan Civil's horn and Colin Bradbury's clarinet.

The soprano voice in the last movement—too richly vibrant, too warm and womanly, to be ideal (but very happily heard, all the same)—was Jessie Norman's. We must be given the chance to hear her complete performance of the Messiaen cycle at the very earliest opportunity; for the five songs undertaken here gave pleasure of an almost physical kind—the sound was at once sumptuous, chaste, and agile, the sense of Messiaen's intoxicating love music controlled by musicianly instincts.

Friday's Prom, fortuitously the second of the season, was one of the adventurous kind. Liturgical music by the 17th-century Spanish composer Cerecillo, performed by the London Oratory Choir and instrumental Ensemble under John Hoban, alternated with Handel concertos given by Trevor English Concert under Trevor

Pinnock. It looked on paper like a church Prom, but the wide Albert Hall platform enabled the two or three soloists used by Cerecillo to be spread out so that the sound filled the space. When the old echo stole back it did not seem wrong. And if the hall was not full, there cannot be many climes where this programme would have drawn a larger audience.

The experiment was worth making, for the excellence of music and performance, and for the interest of the return to the old traditional layout with, for instance, the main parts of a large Mass setting separated by a different kind of music, Juan or Joan Cerecillo, in this time of ubiquitous early music, is as likely to be heard in performance as fabled in reference books (where they do mention him, authorities seem to disagree about his dates). He spent his working life at the monastery of Monserrat near Barcelona, starting as choirboy, rising to be (for a long stretch) choirmaster. According to Anne Livermore's *Short History of Spanish Music* he was nicknamed "El Compositor," "the composer," an exceptional honour of a response on his anniversary.

Much of his work was destroyed during the Peninsular War but a good deal survived and has been published. Life at Monserrat was not totally isolated. The monastery's present choirmaster, Irene Segarra, believes that Cerecillo knew some of Monteverdi's music and possibly some of Charpentier's—communications were surprisingly rapid. No doubt the label "conservative" usually stuck on to Cerecillo when he is discussed is generally right, though the strange villancico "Pues para" included on Friday showed him exploring the darker side of Spanish religious feeling in a way that took him within hailing distance of Purcell's dissonant pages. The clutched edge of Hoban's sopranos was particularly effective here.

In Cerecillo's case conservative apparently did not mean fusty: the preceding "Serafin, que con dulce armonia" delightfully transformed a popular love-song into an act of worship. The *Missa de batalla* heard after the interval is one of many works written in emulation of a celebrated piece of early programme music by Jannequin. Cerecillo's battle effects now seem more playful than warlike but the tossing of short phrases from choir to choir can still be exhilarating. The Latin word-setting is direct and strongly rhythmic, meant to be understood and intended, no doubt, to dazzle as well as console and illuminate weary pilgrims. Towards the end there was a hazy suspicion that the effect of this music was greater than the actual substance, but revival was well justified.

In fact the concert was a fraction too long, refreshing as it was to jump back and forth from one age to another. For his part, Handel was felicitously cared for by the English Concert, the only possible murmur of dissent being that there were three concerto grossos to one organ concerto. In the single organ work (op. 4 No. 6, in B flat) Mr. Pinnock's scales and ornaments were so ravishingly articulated that one hungured for more. The risk that some innocent souls listening somewhere may believe there is some real connection between Handel and Cerecillo seemed a small price to pay.

RONALD CRICHTON

## CRICKET BY TREVOR BAILEY

## Fighting to regain former glories

IT IS impossible to over-stress the importance of pitch and climatic conditions in cricket, because these so often dictate both the quality and the quantity of the play.

This has been perfectly illustrated by the fifth Test in which, although it was not possible to start until mid-afternoon on the second day, by stumps on the third both teams had completed a distinctly uncomfortable first innings.

As has so often been the case at Headingley in recent years, the wicket has suited fast-medium bowlers, who have been able to achieve so much movement in the air and off the wicket that batsmen have always been in trouble.

On this occasion, nobody has completed a half-century and, providing there are no more interruptions, a definite result should occur on Tuesday. Somewhat ironically, if rain had not delayed the start for a day and a half and the match had begun on-time, the pitch would have been condemned as not good enough for a five-day Test.

Now it has proved a blessing, because it has already produced plenty of excitement, and promises more, whereas on an

easy, benign wicket the game would probably be drifting towards the fourth draw of the series.

Although the odds are heavily on a West Indian victory, England could come back, especially if today is hot and sunny, and it clouds over tomorrow. Nevertheless, our batsmen would need to apply themselves far more than they did in the first innings and our bowlers would need to maintain the same searching accuracy shown by Old. There is no doubt that the West Indians would have been pushed to muster 150 on Saturday against a seam trio of, say, Old, Jackman, and Hendrick, who would have revelled in the conditions.

I have a special affection for, and an affinity to, Yorkshire which stems back to my playing days. As a result, a Headingley Test has always had a great appeal. Although the Leeds ground is not the most beautiful, the crowds are large, very enthusiastic and rather more knowledgeable than most.

The big disappointment up here has been the lack of success in recent years of the County Eleven. For more than a decade, they have captured

no honours and, with four titles to be shared out among only 17 contestants, this is hard to explain. If the fanning should end this summer, the Tykes will first have to dispose of Surrey at the Oval on Wednesday in the Gillette semi-final, which is likely to prove a difficult task.

However, the present improvement in Yorkshire cricket is also reflected by the inclusion of four of their players in the 12-man England squad for this Test, although even their own supporters have expressed surprise at the choice of Stevenson.

Why have the county not met with any major success in the past decade? One reason undoubtedly stems from their refusal to include overseas cricketers, of which all those who are concerned about the welfare of England's cricket will approve.

If Richards and Garner, or Marshall and Greenidge, joined Yorkshire next summer instead of Somerset and Hampshire respectively, then I would heavily back the Northern county to win something. It is also significant that Middlesex, who are currently the outstanding team on the domestic circuit, would not be riding so high if Van der

Bijl and Daniel did not form a match-winning international-class spearhead.

However, although Yorkshire have been handicapped by their reliance entirely on local talent, the club must accept some of the responsibility for this barren period. The most worrying feature has been the number of Yorkshire players who have left the county in a long line—who have looked so good, promised so much and then failed to blossom, or have gone backwards.

I have a feeling this could, to some extent be due to playing for a county who have such a great tradition that success is not only expected but is almost demanded by their supporters.

It is to be hoped that, with Ray Illingworth as the present manager, Yorkshire cricket is on the threshold of a new era and that perhaps Athey is close to following in the footsteps of Hutton, Boycott and numerous other outstanding Yorkshire batsmen of the past. This would not only be good news for the county, but also for the country, though even more valuable would be the discovery of another world-class bowler.

## TENNIS BY JOHN BARRETT

## Telling weeks at Eastbourne

IN THE past two weeks at Devonshire Park Eastbourne, the best British players aged 12 to 18 competed for the national grass court titles.

The previous week, on the same superb courts, the top senior county players took part in the inter-county championships which, like the junior events, were sponsored by Prudential Assurance.

Thus, with the exception of that small band of professionals who can make a living on the world's tournament circuits, the whole spectrum of top British tennis was on display. In view of the severe criticisms about the state of British tennis contained in the Smith Committee's recent report, it is worth seeking experienced observers' views on the quality of performance in those three weeks.

Most former captains, LTA councillors and media-men I spoke to believed the standard at County Week was higher than average. There was the usual whole-hearted commitment by fringe professionals and club players who comprised the county teams, producing tennis that, if not always of Wimbledon standard, was good enough to entertain crowds who

always flock to this backbone of the British game.

The juniors present a confused picture. In the under-18 championship the two 86-strong singles draws revealed a mere handful of players with potential and ambition that might take them to higher levels.

The girls' winner, 15-year-old Amanda Brown (Norfolk), was a strong, quick, athletic player whose tactical sense from the base line brought down more fancied opponents. Her limitations were revealed the following week in the under-16 championship, when she lost in the semi-final to Sally Reeves (Kent), a 16-year-old whose superior match temperament earned her a 6-4, 7-5 win.

The boys' under-18 champion was David Crichton-Miller, who earlier had led St. Paul's School to a record fifth consecutive win in the Youll Cup. In the final at Eastbourne he beat Mark Powell (Warwickshire) in straight sets but the match everyone talked about was his narrow three-sets win against Stewart Taylor (Bucks.), a lad whose increasing strength might enable him to fulfil promise he has always shown.

The absence of the four lead-

ing girls, and some of the boys, too, in this age group at the European championships—perhaps led Tony Mottram, LTA director of national development, to the view that it was not a vintage year among under-18s.

Mottram believes there are players of talent there who, with proper guidance, could make a mark in the senior game. Paul Heath (Yorkshire), the 16-year-old who won the under-16 singles following successes at the under-14 and under-12 age groups, unquestionably has talent. "This year he really got his head down," said Mottram. "He knew he was the best player and set out to prove it."

In beating David Felgate (Essex), without losing a game in the semi-final, and the tall Craig Haworth (Bucks), 6-0, 6-2, in the final, he suggested the heavy defeats he has himself sustained in European competition are beginning to have their effect in producing a better match-attitude.

The girls' under-16 winner was 15-year-old Rina Einy (Middlesex). A strong, mobile baseliner who can volley, too, Miss Einy it was who ended the hope of Sally Reeves (Kent),

6-4, 6-3, after she had her win against Amanda Brown.

There were two boys and three girls in the under-14 group who Shirley Brasher—former French title-holder and Wightman Cup player—believes have ability to make progress. David Shann (Herts.) who beat Ben Knapp (Gloucester) 6-3, 6-4 in a spirited final likes to attack and is a balanced all-court player. Both boys know how to win but, like the rest, need concentrated, hard development.

The same applies to the girls' winner, Annabelle Croft (Kent), and the girl she beat in the final 6-1, 4-6, 6-2 Jo Lewis (Devon), a small compact 13-year-old. Both are good competitors and technically sound for their standard, as is Siobhan Nicholson (Surrey), the 14-year-old who lost to Miss Croft in the semi-final.

But Mrs. Brasher is worried that the lack of any organised system for developing this age group may hinder their progress, and about lack of adult leadership.

Of the under-12s the consensus was that the two winners Caroline Bhagandas (Middlesex), and Christopher Bailey (Norfolk), were head and shoulders above the opposition.



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## Someone needs a computer

BY THROWING back into the melting pot the whole question of how to computerise Britain's income tax system, the Government seems to have tangled up two important, but quite separate, issues. After several years of extensive studies, involving Whitehall computer experts, Inland Revenue officials and independent computer consultants, the Government apparently decided last year on a network of 12 large regional computers, which would be able to handle the whole of the nation's PAYE system. These would have provided future Parliaments with great flexibility in making fiscal changes of all kinds and would presumably have reduced the Inland Revenue's staffing requirements and administrative costs.

## Second thoughts

Until last week, it was believed that only the Cabinet's inability to reach a decision on whether to buy British or foreign computers was holding up this vast project, which is expected to be the largest of its kind in Europe. But on Friday, the Chancellor announced the surprise of political observers as well as of the computer industry, that far from being on the point of letting contracts to one computer manufacturer or another, the Government is now having second thoughts about the whole idea of computerisation. Instead of going ahead with the highly sophisticated and all-embracing project, which had been expected, it now wants to "undertake further studies" into the possibilities for a less centralised and less comprehensive, but simpler and possibly more reliable system.

This decision to think again before making a final commitment may appear prudent, particularly in view of the disastrous effects that a major breakdown in tax collection could have on all aspects of economic management. It is arguable that entrusting the whole tax system to 12 computers may increase the dangers of serious economic disruption resulting from technical failures or industrial action.

The trouble is that the main arguments for and against computerisation have already been rehearsed thoroughly and there is no reason to suppose that another investigation will come up with any strikingly new proposals about the basic design of the system, unless the Govern-

ment's other requirements, for flexibility, efficiency and comprehensiveness, are to be relaxed. It is particularly unlikely that worthwhile re-examination of all the complex issues can be conducted within the timescale of several months which the Government seems to have in mind.

For these reasons, and also because of the timing of the announcement, it is hard to avoid the conclusion that the Government is using the proposed re-examination of the whole system as an excuse for delaying a decision on the totally separate issue of whether to award the contract to the only British contender—ICL—or to put it out to open tender.

There are opposing interpretations of what this delay could mean for ICL and its American rivals. The American manufacturers take comfort from the fact that the contract has not already gone to ICL, as most Ministers and MPs would have wished, and as would have been expected under the system of preferential ordering for government computer contracts. On the other hand, ICL and the political supporters of a "buy British" policy have been encouraged by the Chancellor's promise to "recognise the importance of the maximum feasible involvement of UK companies."

## Track record

The real issue between ICL and IBM is one of technical competence in hardware manufacture, but of the reliability and the support services which the companies can provide. IBM has established a reputation for installing and maintaining large computer systems in America. However, the very fact that ICL has not had an opportunity to develop such a track record in the management of large computer projects has been one of the main arguments for giving it the chance to do so.

However, a track record would be worth little if the Government rigged its specifications to meet ICL's requirements. If ICL is chosen, it will have to match the standards of reliability and service to those of its American rivals. Imposing strict performance conditions, rather than juggling with specifications, would be the way to provide Britain with an internationally competitive computer company.

## Defence costs out of hand

THE SPENDING habits of the Ministry of Defence are becoming a political embarrassment. Expenditure in the current year was running at an estimated £500m-£700m ahead of the cash limit until last week when Mr. John Biffen, the Chief Secretary to the Treasury, announced a cutback. The original cash limit will now be exceeded by only about £200m.

## Carry over

This is not the first time that the Government, which is admittedly strongly committed to defence while wishing to curb expenditure elsewhere, has been obliged to get out the cheque book. Sir Geoffrey Howe's first Budget last year gave the Ministry an extra £100m. Two successive pay increases for the armed forces have now been financed by the Treasury to the amount that they exceeded the figures permissible under the cash limits. Nor is there any reason to believe that the Treasury will not be called on again as defence spending inexorably rises.

The Ministry, it should be said, has a point. It is very difficult to apply cash limits on an annual basis to a department some of whose spending programmes stretch over a good 10 years. For much of the 1970s the Ministry consistently underspent—by an average of 24 per cent of the defence budget a year. The underspend was not carried forward to the next year's budget, even though the money had been voted for specific programmes, but was forfeited to the Treasury.

More recently the problem has been one of overspend. It is said that the Treasury has repeatedly made over-optimistic assessments of the rate of inflation and has therefore set the cash limits too low. In the current year there is a new factor. The economic recession has meant that contractors are completing their work earlier and sending in their bills ahead of schedule. The Ministry has no alternative but to pay up.

Whether the problem is one of underspend or overspend, it is clear that the Ministry is something of a special case. The principle of "annuity" in accounting for expenditure ought not to be applied to it quite as rigidly as to other departments. There is room for an arrangement under which

what is underspent in one year could be carried over to the next, and vice versa.

That said, however, the Ministry still has a lot to account for. The Public Accounts Committee, for example, drew attention the other day to the case of the Sting Ray missile and other underwater weapons projects whose total costs have risen from £165m in 1969-70 to £1.62bn today at September 1979 prices. Sting Ray is still not ready. A comparable system could have been bought from the U.S. last year for £200m, a saving of some £700m.

There is also the peculiar matter of the relative price effect, the margin by which public sector costs rise faster than the general rate of inflation. Relative defence costs ought to be coming down since defence depends heavily on areas where there have been technological breakthroughs: miniaturisation, electronics and the use of lighter materials. Such developments should save money. Yet the relative cost of defence has been increasing even more sharply than public sector costs as a whole. No one in the Ministry appears to know why.

Three possible and not necessarily mutually incompatible explanations come to mind. The Ministry is inefficient. It is being unduly exploited by its contractors who can more or less charge what they will and deliver when they like. It is being over-ambitious in continually trying to improve projects in the development stage: for instance, by repeatedly changing specifications. It may well be that the Ministry is letting the best be the enemy of the good by going for equipment that is more sophisticated than it needs.

## Scrutiny

It used to be said that the problem lay in the Ministry's excessive tail. Over the last few years, however, there have been substantial reductions in civilian manpower—from 315,000 in 1974 to 237,000 today. The room for further slimming is clearly limited. The real need is for greater scrutiny, and greater justification, of every item of expenditure. Either that, or the Government will find itself inevitably obliged to look again at the range of its defence commitments.

## The Democrats' one hope of slaying the Reagan dragon

BY JUREK MARTIN, U.S. Editor in New York

DEMOCRATS, like blondes, tend to have more fun. There is invariably a much greater sense of expectation when the Democrats gather for their Presidential Nominating Convention than there is with Republicans, an anticipation of punchier speeches, more spirited debates, better parties and entertainment and—above all, the prospect of a good fight.

Yet, when the dust has settled in Madison Square Garden in New York this week, scene of many a famous contest in the boxing ring, it is just possible that 1980 will have turned out to be the exception to the rule. This is not because the sense of drama is lacking. For nine months now, President Jimmy Carter and Senator Edward Kennedy have been slugging it out for the party's Presidential nomination, their rivalry growing ever more intense as the challenger has sought, by every conceivable means, to accomplish the difficult feat of unseating the incumbent office holder.

Rather it reflects the growing belief that the outcome in New York this week is predictable. For all the sound and fury, it looks increasingly that President Carter and his loyal running mate, Vice-President Walter Mondale will be renominated to head the party ticket in the November general elections. The single great unknown is how Senator Kennedy will take his expected defeat. Will he embrace his conqueror in the cause of party unity against the Republican juggernaut or will he, in the political phrase, "take a walk" for the next three months. Yet even this conundrum, tantalising though it is, pales in comparison with that brief, 24-hour flirtation conducted between the 69th and 70th floors of the Detroit Plaza Hotel, as Ronald Reagan and Gerald Ford contemplated marriage and as the nation and the world, through the medium of television, watched in fascination, trembling and wonder.

At this stage of the election year, the Democratic Party could probably do without this sort of cardiac arrest. So deep are its internal divisions that it can no longer take comfort in the fact that its greater ideological elasticity has served it well in the past. Rain is beginning to pour through holes in the great democratic umbrella which used to offer shelter to the most disparate elements of American society—the rich and the poor, whites and blacks, steelworkers and university professors—at precisely that time when the political history when the Republican Party, narrower in vision and less generous in its protection, is offering the succour of a coherent set of beliefs to a nation which often feels itself awash in uncertainty.

This week's convention really provides the Democratic Party with probably its last chance in 1980 to demonstrate to the country why it ought to remain

the largest political entity, running not only the White House but also the Congress. To accomplish this, more may be needed than a mere symbolic show of unity, a crowded convention platform with all the party's leading lights holding hands and singing "Happy days are here again." Those days are simply not going to recur in a hurry. The reality is that somehow the party must convince itself and the country that the differences which divide it are less significant than those which separate it from the Republican alternative.

It is in this critical context that the Carter-Kennedy rivalry must be placed. Both clearly know that each has the power severely to tarnish the nomination of the other. The pressures of the campaign have heightened the differences between them. Before Senator Kennedy declared his candidacy last November, convinced, as he was then, that President Carter was ripe for the plucking, they had more often than not been on the same side of the important issues. But in starking out the battle field, the policy distinctions have become sharp between the Senator's avowedly liberal, interventionist approach that served the country socially so well in the 1960s and the President's less doctrinaire, but still preachy, middle-of-the-road philosophy.

In the process, their twin armies of supporters have drifted apart. Kennedy Democrats, whose contempt for a southern paragon like Mr. Carter has always lurked beneath the surface, have become convinced that the President, unlike the senator, lacks the substance which makes presidents: Carter Democrats, especially those from the south, believe the Senator will do any-

## The differences between Carter and Kennedy have been heightened.

thing to win the Presidential nomination, even to the point of trying to change the rules of electoral process after the primaries have been played.

Even those of long experience who have tried to bridge the gap have been frustrated. Mr. Robert Strauss, for example, who, though Mr. Carter's hard-nosed campaign manager, is also the personification of the good party man, has said he is totally puzzled by Mr. Kennedy's continued refusal to accept his defeat. Many regular Democrats, who are tempted by the idea of an alternative candidate (such as Secretary of State Muskie, Vice-President Mondale or Senator Henry Jackson) but who are principally worried that the nominee, whoever he is, will help consign the party to serious defeats in the Con-



gressional races, are perturbed by the extent to which the Carter-Kennedy conflict has rendered the antagonists blind to broader interests.

The whole debate over whether or not the convention should be "open" sometimes appears the quintessential example of this myopia. At one level, the Kennedy attempt to free the delegates from the obligation to vote for the candidate to whom they were pledged in primaries and caucuses on the first ballot may be seen as the last chance to deny Mr. Carter the nomination, and is thus a naked tactical ploy.

At another, more esoteric level, it does raise some interesting questions about the purpose of party conventions and the processes by which parties choose their presidential candidates. Should a vote cast in a primary in March still be valid months later when policies and circumstances have changed, as the Carter forces maintain?

The Carter side contend that unless this is so, the primary elections would be no more than a non-binding expression of transient opinion; the convention would in practice be turned over to brokers in smoke-filled rooms. And would it not therefore be "closed" rather than "open" but rather a denial of all the reforms the party has made to ensure fairer representation over the years?

But, from a practical standpoint, the run-up to the convention has turned into no more than a test of factional discipline. Whips in the House of Commons might admire the rigour with which Carter and Kennedy lieutenants have sought to ensure allegiance, but



the cost may be large. After all, if President Carter does win the nomination, he will be starting the general election campaign with a lower public estimation than any incumbent in recent history. Even the celebrated recovery of Harry Truman from the depths in 1948 began with a better base than Mr. Carter enjoys today.

There have been flickering signs in the past week that the Carter and Kennedy forces have begun to recognise the need for possible reconciliation. In the complex bargaining to set a schedule for the convention it has been agreed not to bring some embarrassing issues to the convention floor for debate. But the compact is fragile. Although outnumbered by about 700, there are enough Kennedy delegates to force debate on any given issue, if not to carry the day.

The tone will be set very soon. Early this evening the convention will vote first on a Kennedy "accountability" proposal—which would require a candidate for the nomination to list, in writing, those parts of the party's platform which he cannot accept. It will then vote on the central rules fight over the "open" convention. Some Carter delegates may vote for the open convention, thus giving the Kennedy side hope that the tide is turning in their favour. But every survey suggests that not enough will do so to carry the issue and that in any case, fewer defections can be expected on Wednesday evening when the actual nomination is voted on.

However, a convention can be a wild animal, always capable of running off in strange directions. The tremor of excitement which ran through Detroit

last month as Mr. Reagan and Mr. Ford bargained was testament to this. Thus, should something go wrong with the discipline imposed on the Carter contingent this evening, then anything could happen. Not since 1924 has the Democratic Party required more than one ballot to pick its presidential candidate, but if the tightly wound Carter ball begins to unravel, it will do so dramatically. If it does, then Senator Kennedy may not necessarily be the beneficiary.

Whatever the outcome, the stage will then be set for Senator Kennedy's address to the convention tomorrow evening on the state of the economy. Not since 1896 has a declared candidate for the nomination spoken to the convention before the roll call is taken. His speech is reportedly being written by two of the most uncompromising liberals on his staff, but the political judgment that goes into it must ultimately be Mr. Kennedy's own. It is certain to contain a clarion call for the Democratic Party once again to rally round the cause of the disadvantaged in society.

But all eyes will be on its direction. If it should dissect the economic policy alternatives offered by the Republican Party, then the cause of Democratic Party unity may still live. But if it should take dead aim at the economic record of the Carter Administration—and it should be remembered that, in his most bitter jibe of the year, Mr. Kennedy once called the President "a Reagan clone"—then subsequent reconciliation may be impossible.

This speech could be the most important Senator Kennedy has ever given. The experience of

the past nine months has clearly demonstrated that he could not automatically inherit what he might have thought was his birthright—the leadership of the Democratic Party. Like others before him, he has found that, whatever his defects, Jimmy Carter is a tough, wily political opponent come election time. Yet it is widely believed that Mr. Kennedy's appetite for the White House has been whetted and that he has, by running so hard, at least partly exorcised the demons of Chappaquiddick. If 1980 is out of reach, then 1984, when he will be only in his early 50s, still beckons.

The Senator is part ideologue, part pure politician. The risk he has to weigh this week is whether his longer-term ambitions would be better served by conviving at a Democratic Party debacle in November and then rebuilding the wreckage in his own image, or whether to place party loyalty first and foremost, at no matter what cost to his personal pride, in order to establish his credentials for the future.

If the latter instinct prevails, if the Senator swallows his anticipated defeat and labours for his conqueror in the campaign proper, then the Democrats can emerge from New York with hope of slaying the so-far unruffled Reagan dragon. Indeed, in time—since it was predictable—the convention itself may, unlike its Republican counterpart, have turned out to be a rather humdrum affair. Perhaps some of the 3,331 delegates will even seek the alternative entertainment of watching Linda Ronstadt, the pop singer, play the part of Mabel in "The Pirates of Penzance" in New York's Central Park.

## MEN AND MATTERS

## Taking it out on the grouse

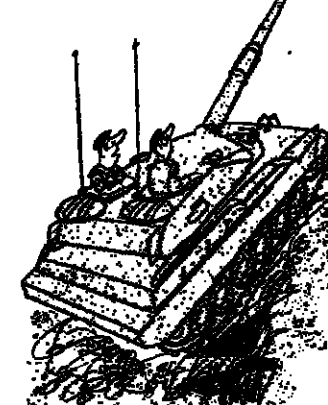
Grouse, snipe and ptarmigan steeling themselves for tomorrow's grand season to the roasting tin may draw some little comfort from the knowledge that the Game Conservancy is taking pains to ensure that their dispatch is carried through with every attention to etiquette and safety (of the folk wielding the 12-bores, of course).

This puzzlingly-titled charity informs me that just in time for the Glorious 12th, it has completed the training of 49 "young shots" in gun and dog handling, pigeon potting (handy should the grouse be too water-logged to get up) and moorland manners. They are now ready to lurk behind the butts with the 750,000 other registered shotgun owners who annually do their bit to ensure that game conservation remains a live industry.

The grouse may also be consoled to know that they are giving their small lives increasingly dearly. The cost of killing a brace, the Conservancy notes, is now between £15 and £20 (including VAT, lunch and beaters). But in return the sportspeople are assured of "a day to remember and one which should help compensate for many weeks of exacting work and aggravation in the City of London."

## Bankers' choice

When Samuel Montagu supreme Philip Shebourne was elevated to the chair of BNOC last May the City confidently predicted a shake-up among the senior managers at the Midland's merchant banking subsidiary. Well, the pundits are still awaiting these stirring events and my probings suggest that their patience—and that of the aspirants—will be tested for another month, possibly two. Even though Samuel Montagu,



"We got the tank—then the Government cut back on spending"

one of the oldest accepting houses in London, has been without chairman or chief executive for almost four months, the Midland is apparently in no hurry to name names.

The longer it delays, of course, the more time the punters have time to study the condition of the runners. In the corporate side-betting world is that the Midland will now separate the jobs of chairman and chief executive and since there are strong odds that the chair will go to an outsider the in-house runners are not much concerned about this post. Names mentioned most often, however, include that of Sir Jasper Hottom, former deputy governor of the Bank of England.

He has also been suggested as a possible chairman for the Midland itself. To succeed the late Lord Armstrong, but one senior Montagu director tells me that Malcolm Wilson, one of the Midland's two chief executives, might fancy that spot for himself. Starting as a lad with the bank in Liverpool, he has

some 40-odd years' service to his credit and is due to step down from his present job within the next 12 months or so.

Still, it is the chief executive position that fascinates SM's top management. They were left guessing because Shebourne went without leaving an heir—only five deputy chairmen, who he declared in his even-handed way, shared equal status beneath him. Since his departure, however, some are emerging as markedly more equal than the others, with David Stevens, in charge of fund management, and John Gillum, corporate finance chief, attracting most attention.

## Crise d'identite

The Continental obsession with identity cards and other bureaucratic fripperies has never appealed to me. I now bring chilling news from France to those who believe that society can be better ordered by means of bits of paper.

Daniel Leroy, a respectable middle-aged Parisian nurse, lost his identity card while holidaying in Rome six years ago. He notified the proper authorities and resumed his daily rounds. A year later, he received a court announcement that his divorce had been completed and that he should now surrender his house and chattels to his ex-wife.

Life-long bachelor Leroy had two more surprises six months later, when he was summoned for stealing a car in Versailles and received a demand from his bank for prompt repayment of a FF10,000 overdraft.

Last summer, the bewildered Frenchman was billed for real estate he had allegedly bought in Louviers. And in the most bizarre turn to date, he has just heard that he has been elected a town councillor in Trappes, and would he please explain to the town worthies why he has quit his post without leaving a forwarding address.

In desperation, le pauvre homme has written again to the Minister of Justice retelling his sad tale. Since no answer has yet turned up, he assumes the overdue apology must have been sent to his alter ego.

## In lumber

Before this Brooke Bond Liebig-Mahinson-Denny affair goes any further (BBL has taken its holding in the timber group to 28.38 per cent by adding 3.36 per cent to its own shareholdings of the other week), I am sure my readers will be interested to hear a little of the beef and beverage group's existing and little-known venture into the woods.

For some years it has been growing cinchona trees in Kenya, and lately Tanzania, to reduce its dependence on tea and coffee, and to keep the staff busy while the aforesaid beverage crops are brewing. The cinchona, I hasten to add, is not grown for its lumber-producing qualities, but for the quinine in its bark.

As elsewhere in the timber business, the market for the natural product has been affected by the production of substitutes. Still, while synthetic malarial drugs are widely sold (although not universally effective) Brooke Bond's venture is nicely protected from serious harm at the hands of the laboratory researchers by the world's ever-increasing thirst for quinine-tinted tonic water in which it drowns its intake of gin.

## Sic transit . . .

The correct response, I am assured to the car-sticker query, "Why should Fliedermaus Die?" is: "Because he made Trovatore II."

Observer

## Questions answered about your Will

Q: In these days it is hard to estimate what I may have to leave when the time comes. I want to be fair to close relatives, but I also want to benefit a cause close to my heart. How can I best ensure both?

A: Most of us have a similar problem, with inflation. The sensible course is probably to leave fixed proportions of your estate to the individuals you wish to remember—say 20% to one, 15% to another and so on—and then the residue to the cause you wish to help.

Q: I wish to remember old people, since they seem certain to be in continued need, but their needs may change. How can I anticipate what they may be?

A: Help the Aged has a justified reputation for keeping well abreast of the needs of old people, and has pioneered a great deal of much-needed work for lonely, sick, hungry and despairing old people. Their trustees are especially careful to make maximum use of volunteers in daily touch with the elderly, thereby ensuring the most practical response to need and obtaining the utmost value for each bequest.

They publish two useful guides for those considering their wills; and I often commend these to clients to study in advance of consulting me. Copies may be obtained free on request by writing to: Hon. Treasurer, The Rt. Hon. Lord Maybray-King, Help the Aged, Room FT11, FREEPOST 30, London W1E 7JZ. (No stamp needed.)



SOUTH AFRICA'S GROWING LABOUR TROUBLES • BY BERNARD SIMON IN JOHANNESBURG

# A fundamental challenge to apartheid

A CARTOON in a Johannesburg Afrikaans newspaper showed a South African soldier standing over a black guerrilla fighter bundled in a garbage bag. The soldier says: "I don't know why Johannesburg is having such a struggle. Just look how easily we cleaned up SWAPO."

Breaking a strike by municipal workers is a far cry from destroying SWAPO bases in Angola. None the less, when city officials ruthlessly ended the recent strike by 10,000 municipal workers in Johannesburg, they gave the impression that they were crushing an enemy rather than resolving a labour dispute.

The council's actions, which were backed by the police and the Central Government, amply confirmed suspicions that changes to South Africa's labour laws in the past 18 months have done very little to improve the country's cumbersome industrial relations machinery.

The insensitive crushing of the strike has a broader significance, too. Less than a year ago, businessmen were optimistic that Mr. P. W. Botha, the Prime Minister, had committed his Government to far-reaching changes in its race policies. But in the words of a Johannesburg newspaper editor: "There is little left of the P. W. Botha strategy of reform. Its one concrete achievement, labour reforms, have been seriously, perhaps fatally, discredited."

The Johannesburg strike is one of many unofficial work stoppages which have caught employers by surprise over the past nine months. But it is one of the few involving a public sector employer. This is probably one reason for the close involvement of the Central Government in the city's handling of the dispute.

Most other strike-bound employers, particularly multinationals, have preferred to keep Government officials, and

particularly the police at as great a distance as possible.

After a briefing by Johannesburg council officials Mr. Fanie Botha, the Minister of Manpower, complained that the strikers were "bypassing the Government's conciliation machinery." Mr. Botha had put his finger on the common thread running through almost all the recent work stoppages. By doing so, he implicitly conceded the inadequacies of the present system.

Hopes for an improvement in South Africa's industrial relations were aroused by the

## The stoppages have taken the employers by surprise

Wiehahn Commission of Inquiry which presented its first report last year. But Prof. Nie Wiehahn, the commission's chairman, is now said to be a disillusioned man whose ideas have been stifled by powerful bureaucrats. Although Prof. Wiehahn remains the president of the new Industrial Court, significantly he was not on the bench when the court heard its first case recently.

The Commission's most important proposal was that the authorities should grant official recognition to black trade unions, thereby giving them access to formal wage negotiating rights.

The Government's policy towards black trade unionism has had a basic flaw, however. A number of important restrictions on registered trade unions means that official recognition is regarded primarily as a means of controlling black unions rather than encouraging them.

Employers have not been slow to get the message. On the one hand, they have recognised the inevitability of a unionised workforce. But, with official blessing, they have tried to ensure that unions formed in their own factories will not

push too hard against management.

In practice, many employers have helped organise in-company unions or brought in outside groups which are controlled by relatively conservative white trade unionists. These groups have often not had majority support among workers, with the result that managements have not been talking to the real representatives of their black employees.

The Johannesburg City Council appears to have tried this tactic. The Union of Johannesburg Municipal Workers, which it favoured and which was given Government registration in the middle of the strike, is merely an extension of the council's former Government-approved liaison committees. When the strike started, this group had only 40 paid-up members. Its president even refused to talk to the press without his white supervisor's permission.

The city's management committee has refused point-blank to negotiate with the more militant Black Municipality Workers' Union (BMWU), even after it conclusively demonstrated support among a very large slice of the council's 15,000 black workers.

It was partly in a bid to gain recognition from the council that the BMWU organised the strike. Minimum wages well below the breadline and appalling living conditions in council hostels made it easy for the union to win backing from the workers. The Wiehahn Commission has also failed to change clumsy and time-consuming industrial conciliation procedures. In terms of the law, workers' grievances must first be discussed with their employer. If this fails, the workers may declare a formal dispute, which must be followed by a one-month "cooling off" period before they are allowed to walk off their jobs.

Black workers have become increasingly impatient with these drawn-out procedures

and, to a growing extent, are not bothering to follow them before going on strike. Almost every recent strike in South Africa, including the Johannesburg one, has thus been illegal.

In terms of South African law, any worker taking part in an illegal work stoppage is deemed automatically to have dismissed himself. Some employers have chosen to ignore the letter of the law. Volkswagen's local subsidiary, for instance, did not dismiss any workers during a three-week stoppage at its plant near Port Elizabeth last month.

Johannesburg took the opposite course. It fired over 11,000 workers, and herded them at gunpoint onto buses which carried them under police escort back to their tribal homelands, as an indication of its approach to the strike. It forced dismissed employees to sleep on cement floors in overcrowded dormitories. "It was only for one night," Mr. Francois Oberholzer, chairman of the city's management committee, explained.

Dismissal appears at first glance to be a strike-bound management's easiest way to get production going again. High black unemployment, currently estimated at between 10 per cent and 20 per cent, means that a large pool of labour, especially in rural areas, is waiting to snap up jobs in the cities. Johannesburg has already recruited several hundred labourers to replace those who were fired. It should have little difficulty finding hundreds more in the impoverished homelands.

Other employers, however, have recognised the short-sightedness of this policy. Johannesburg's new workers will be paid the same wages and live in the same conditions as those who have left. In addition, they will work side-by-side with many men who have returned to work only because they did not want to be sent away.

Fears are already being expressed that it is only a matter of time before Johannesburg is again faced with overflowing garbage bins and littered street gutters.

Most of Johannesburg's strikers were unskilled labourers. But other employers have recognised the cost to production and profits of training new recruits. What's the use of dismissing them if we're going to have to take them back, anyway? was the attitude of the Eastern Cape motor industry which has had to contend with two mass walk-outs in the past nine months.

## Strikes are becoming a way of venting political frustrations

questioning strikers, and escorting back to work those who were not dismissed.

When the Black Municipality Workers' Union sought a court order to stop the city council sending strikers to the homelands, security police arrested its leader, Mr. Joseph Mavi, in the corridors of the Supreme Court building. He is still being held under a law which allows detention without trial for up to two weeks. Meanwhile, a local editor was brought to court, following his refusal to hand over notes of an interview his newspaper published with Mr. Mavi.

There are two obvious reasons why strike-arm tactics are being used in Johannesburg when other employers, police and politicians are beginning to show some appreciation of the complexities of labour relations in earlier strikes. One is that the scale and nature of the Johannesburg walk-out demanded a headline response.

Municipal employees are classified as essential workers whose duties include refuse removal, bus driving and maintenance, and sewage disposal. (There is speculation that Mr. Mavi may even be charged with sabotage.)

A related explanation is that the city council is run on political lines. Although Nationalists are not the largest group, they are an indispensable part of the ruling coalition.

Nevertheless, the authorities' uncompromising stand probably goes a lot deeper. The Government appears to be growing increasingly impatient with the wave of strikes, boycotts and other forms of civil disobedience which have swept South Africa in the past few months.

Cabinet Ministers have hinted that boycotted black schools may be closed indefinitely and their teachers transferred to other areas. The police have given several warnings that their restraint is being tested to the limit, and they are cracking down hard on private taxi drivers in the western Cape who have helped local commuters maintain a bus boycott for several months.

The authorities' eagerness to keep a tight rein on industrial disputes is not surprising. Industrial action has become an increasingly effective way for blacks to press for shop-floor grievances and vent political frustrations.

As black workers become more organised and more militant (which they appear to be doing), the political overtones of strikes are likely to grow. "The Government has a constant anxiety that the labour movement will be politicised," one Western diplomat said. "The trouble is that everything it does seems to further that objective."

The strong business upswing in South Africa up to now has overshadowed employers' concern about mounting labour and political unrest. There is no doubt, however, that the combi-



nation of escalating civil disturbances (including such incidents as the sabotage at the Sasol oil-from-coal plants in June) and the Prime Minister's backtracking on his earlier promises of reform are chipping away at business confidence.

Several leading businessmen have publicly warned the Government of the urgency of maintaining the momentum which Mr. Botha appeared to be building up last year. Mr. Dennis Etheredge, then president of the Chamber of Mines, said a little over a month ago that "some of the optimism has regrettably begun to ebb in the face of signs that the resolve needed to implement these new directions in policy may be lacking."

Growing labour militancy is clearly a fundamental challenge to apartheid. Higher wages for blacks, better working condi-

tions and employer acceptance of black trade unionism will all contribute in the long run to an erosion of segregationist attitudes and policies. Already, the Government has backtracked on its earlier refusal to register racially-mixed unions.

However, this process is likely to be very long and drawn-out. The authorities have repeatedly shown that they have the will and, they believe, the ability to keep the lid on black labour protests and on other civil disobedience. If past experience is any guide, the changes will come in very small steps.

In the absence of signs that Pretoria is about to move more rapidly in creating these opportunities, South African employers have begun to reconcile themselves to a long spell of growing worker militancy and labour unrest.

## Forerunners of change

From Mr. W. Fairweather

Sir,—I refer to your letter to you dated April 11, 1980, on the subject of the March banking figures, one of the many critical letters which I have sent to you in recent times on the subject of banking policy. I was objecting to the general satisfaction which was being expressed about the restraint which the clearing banks were reputed to be exercising in the issue of new money since their last return. I saw no cause for such satisfaction, for while advances were down by £170m, discount loans were up by £517m and other loans by £511m. Total deposits which I regarded as the real index of money supply were a record £73.5bn, up £330m on the month.

You made no comment on my letter and did not publish it although I had been a critic of the policy which had given rise to these figures before and since it had been instituted in September 1971. Now your contributor Samuel Brittan is up in arms against some of the clarifications which have been introduced, long overdue and which if they are properly conceived will be the forerunners of many other changes to come including budgetary action.

If it has been possible for me to glimpse at what has been wrong why has it not been possible for others to do the same? The effects in the cost of living, the cost of money (interest rates) trade and employment and the value of the pound at home and abroad (only high interest rates have kept the pound up in foreign markets greatly at the expense of capital formation at home) have been quite disastrous on almost every department of the economy.

It is therefore of the utmost importance that something should be done soon and at least with the same haste as the competition with credit policy was introduced.

W. L. B. Fairweather,  
8, West Grove Avenue, Dundee.

## Monetary policy

From Mr. N. Blackwell

Sir,—A consistent line of argument of the Government and of economic commentators has been to stress the linkage of money supply growth to the public sector borrowing requirement, an identity that rules out the independent use of fiscal policy for demand management within fixed monetary guidelines. I believe that in the current economic situation this assumption should be challenged.

Essentially the Government's arguments seem to be that, given a fixed monetary policy, changing the stance of fiscal policy to impact on the real economy through a larger PSBR is not viable due to the offsetting impact of higher interest rates ("crowding out") if monetary effects are to be prevented through a compensating sale of long-term government bonds. According to this view, Keynesian fiscal policies only ever worked to the extent that they were reflected in a short-term monetary expansion.

## Letters to the Editor

My interpretation of Keynesian economics is somewhat different. In all but the simplest Keynesian models the increase in interest rates resulting from a fiscal stimulus is acknowledged: the critical assumption is whether this increase would be large enough to offset the expansionary effect of, say, a reduction in personal taxes. This expansionary effect is caused by a decrease in the average savings ratio caused by government "dis-saving" (though not necessarily in the total volume of savings if income rises sufficiently) and a net increase in private wealth caused by the issuance of public sector (non-monetary) debt to finance the increased deficit.

Whether or not the consequent rise in interest rates is sufficient to completely cancel out these effects will be very dependent on the state of the economy and investment demand at a particular moment. I raise this issue at the current time precisely because I believe the economy may now be entering a phase of chronic demand deficiency and declining real interest rates where such a policy is both most appropriate and most likely to work without necessitating any relaxation in monetary control. The Financial Times monthly survey of business opinion (August 4) for example suggests that lack of demand is currently likely to be the major disincentive to investment and a fiscal stimulus to private demand could thus (through the "accelerator") actually have a significant impact in encouraging investment notwithstanding the deterrent effect of marginally higher level of interest rates than would otherwise occur.

While I would not yet positively advocate a tax cut as a necessary initiative at the current time, I do believe that with a stronger pound now providing greater freedom of domestic policy this is at least a policy option that the UK Government (as in the U.S.) should be seriously examining over the next few months as events develop. It is for this reason that I believe it is important that these rather abstract issues of the Government's economic framework should be raised and clarified at this stage. Norman R. Blackwell,  
74, St. James's Street, SW1.

## Demerger rules

From Mr. J. Clarke

Sir,—I read with interest Mr. A. Isaac's letter of August 7. The example I quoted July 23 was an extreme position in order to demonstrate the principle. Even if there are sufficient realised reserves the distribution of a trade and its assets, or of a trading subsidiary, with inherent unrealised capital profit would deplete the distributing company's realised reserves and thus reduce the amount available for normal dividends.

It is not correct to say that the issue of shares in B in my example will result in the realisation of the hitherto unrealised profits. The Companies Act 1980 does not define "realised" or "unrealised" profit and therefore best accounting practice must prevail. This means that profit is realised upon the receipt of cash or assets capable of cash realisation. It is because the distributing company does not receive money

or money's worth that the transaction becomes a distribution! I still maintain that Section 45 Companies Act 1980 needs amendment.

J. L. Clarke,  
Longcroft,  
Capel House,  
62, New Broad Street, EC2

## Attempts at legislation

From Mr. R. Instone

Sir,—The reply of Mr. Isaac of the Board of Inland Revenue (August 7) to Mr. Clarke's letter (July 23) depends upon his use of a metaphor which is imprecise and therefore misleading. To take his own example, suppose company A sells to company B for shares of the latter a factory which has a current value of £1m and a book value of £1m, and so is "pregnant with unrealised profit" to the extent of the other £1m. To be sure, the sale constitutes a realisation of the profit.

But even if the consideration shares of company B can properly be regarded as having a market value equal to 100 per cent of that of the injected asset (a highly questionable assumption in almost any market conditions, and certainly in those of today), only half the consideration shares represent a distributable profit. And I can find nothing in the Finance Act which relieves company A from tax on the chargeable gain realised on the disposal: the exemptions in Part II of Schedule 18 are confined to the distribution of the shares of company B to company A's members.

So company A must reserve 15 per cent of those shares to finance its tax bill, leaving at most 85 per cent of them distributable as a profit. What sort of a demerger is that?

The position is the same if company A has previously written down the factory to nil; for the unnecessary depreciation must first be re-credited to revenue before arriving at the capital profit distributable as such: *Dixon v IRC* (1987), 21 T.C. 365. It might have been supposed that the history of the Revenue's attempt at legislating for preference dividends in the Finance Act 1972 (do you remember Sime Darby, Mr. Isaac?) would have taught it the folly of dreaming up new company law in Somerset House without taking proper advice. How much more of this can we expect before the lesson is learnt? Ralph Instone,  
7 New Square,  
Lincoln's Inn, WC2.

## Seamless steel pipe

From Mr. D. Henderson

Sir,—I read with interest (Oil boom boosts Japan's seamless steel pipe sales, August 5) that Japan is now third in the world league of seamless pipe producers, exports 80 per cent of its production, and plans to expand.

If Japan with no oil resources of its own worth speaking about sees opportunity for expansion, what is Great Britain, surrounded on nearly all sides by oil and gas reserves that could, or should, provide a ready domestic market for its products doing about the situation? The major part of the UK's

seamless pipe industry is derived from the entrepreneurial former Stewarts and Lloyds Company now the tubes division of British Steel Corporation much of whose equipment is ageing rapidly. The speed of replacement is not matching either the ageing of the outworn plant or the growth of the market. Japan is ready, willing and able to exploit the opportunity. How can it when the steel industry as a whole is carrying the burden of losses and debt that it does? Yet if there is an industry that offers an open door to development it is surely the energy industry in general and the oil industry in particular.

Recently in Italy I saw a newly commissioned pipe mill embodying the very latest technology spewing out 40 foot long seamless pipes some 10 inches in diameter at the rate of one every 40 seconds. Italy, like Japan, is without oil or gas reserves worth speaking about and yet is exploiting opportunity in every way that it can.

The steel industry in the UK is state owned and the state controls and manages or mis-manages it according to its successes or failures through a corporation, but it is the state that, having taken over the industry from private hands, must accept final and total responsibility for it, no matter how it chooses to administer the industry. This letter is a plea to those that have the final authority over the industry to distinguish between the wheat and the chaff, and to exploit the opportunity that others see so clearly, while there is still time, but time for resolution, not vacillation.

David Rowan Henderson,  
Dunmore House,  
Fintry, Strathgairn.

## Gifts to Parties

From Mr. L. Fialko

Sir,—I was interested to read the contents of the report (August 4) headed "Conservatives given £2.5m by companies." The last paragraph refers to the fact that Labour Research could find no companies giving money to the Labour Party, but the fact is that a limited company named the League Against Cruel Sports actually gave the Labour Party no less than £80,000. L. Fialko,  
Fialko Burns and Co.,  
Broadway Chambers,  
245-247, Cricklewood Broadway, NW2.

## Dying Chambers of Trade

From Mr. S. Waddle

Sir,—Our local Chamber of Trade died a year ago, from lack of interest, so are many others. Multiple retailers are not interested in local affairs, their lack of support means that the opinions of the small business community are no longer heard in local affairs. Some of their costly investment in these high street sites may eventually be at risk through failing to support.

For less than the cost of say one clerk per company they could bring life back to these organisations nationally. Park Chemists,  
1, Elmwood Grove,  
Whitley Bay, Tyne and Wear.

## GENERAL

UK: White Fish Authority publishes annual report.

British Furniture Manufacturers Trade Exhibition, Belle Vue Leisure Park, Manchester (until August 13).

London Festival Ballet season opens. Royal Festival Hall (until September 4).

Puppet Week opens, Battersea.

Overseas: U.S. Democratic Party convention opens, Madison Square Gardens, New York.

Mr. Nicholas Ridley, Foreign Office Minister, visits Belize for

## Today's Events

talks on colony's future.

International Fisheries Fair opens. Oslo (until August 17).

OFFICIAL STATISTICS

Department of Industry issues wholesale price index numbers (July—provisional). Department of Trade publishes hire purchase and other instalment credit business for June; final figures for June retail sales. Treasury publishes July central Government transactions (including borrowing requirement).

## COMPANY MEETINGS

See Financial Diary on page 15.

## COMPANY RESULTS

Final dividends: Hallite Holdings. Howard Shuttering (Holdings). Property Security Investment Trust. Interim dividends: Broadstone Investment Trust. Comben Group. Manchester Ship Canal. Nottingham Manufacturing Transport Development Group. Interim figures: Murray Western Investment

## Trust

### SPORT

Cricket: Fifth Cornhill Test, England v West Indies, Headingley, Surrey v Australia, at the Oval. MCC v Scotland, at Lord's.

Bowls: English National Championships—Men, Worthing; Women, Leamington Spa.

LUNCHEON MUSIC, London

Piano recital by Valerie Pardon, St. Lawrence Jewry, Gresham Street, 1.00 pm. Organ recital by Jonathan Renkert, St. Michael's Cornhill, 1.00 pm.

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## SE probe into Irish brokers

Butler and Briscoe, brokers to the Irish Government, confirmed yesterday that an investigation into the firm has been conducted by the London Stock Exchange, following allegations by an ex-employee.

In a statement yesterday Butler and Briscoe said that an inquiry was carried out by a committee appointed by the London Stock Exchange, arising from allegations obtained in a letter from Mr. James Cummins, an ex-employee.

Butler and Briscoe said that it had co-operated fully with the committee and made available all records. Partners and staff also made themselves available for interview by the committee.

The statement added: "We believe this will prove to the committee that there is no substance in the allegations made."

The firm was in discussions with its legal advisors as regards what legal action should be brought against Mr. Cummins.

## BRENGREEN ACCEPTANCES

Acceptances of the recent rights issue by Brengreen (Holdings) have been received for over 93 per cent of the 5m new ordinary 10p shares offered.

The balance of the shares not taken up has been sold and the excess over the subscription price, net of expenses, of about 9p per share will be distributed among shareholders in accordance with their respective entitlements.

## John Brown's gearing gives more flexibility

The healthy gearing at John Brown & Company, gives the group operational flexibility in great depth, "an invaluable strength in today's trying circumstances," Mr. John Mayhew-Sanders, chairman, tells shareholders in his annual report.

The multi-national engineering group is better able to fund the effects of inflation on working capital, adopt aggressive pricing policies when required and can afford from time to time to carry volumes of stocks sufficient to maintain more stable and efficient levels of production and employment.

Term borrowings of the group now total a little over £50m arising mainly from the financing of the Leeson acquisition while net bank balances and short term investments at March 1980 were only slightly lower than a year ago, at around £28m.

For the year to March 31, 1980, the group reported pre-tax profits of £21.1m, against £26.37m.

CCA profits is reduced to £15.84m (£22.77m) after adjustments for depreciation, £3.52m (£3.1m), cost of sales, £5.43m (£3.95m) and gearing, £3.65m (£1.35m).

Meeting, 4, The Sanctuary, S.W., September 5 at 12.30 pm.

## FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:

Merrill Lynch (Section: Americans), S.P.O. Minerals (Mines—Miscellaneous).

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are intended or final and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**  
Interim—Broadstone Investment Trust, Comben, Manchester Ship Canal, Murray Western Investment Trust, Nottingham Manufacturing, Transport Development.  
Finals—Gold Fields Property, Hallus.

**FUTURE DATES**  
Interim—Alderman (U.K.) Aug. 29  
Automotive Products Aug. 14  
Kode International Aug. 28  
Queens Meat Houses Aug. 26  
Finals—AGB Research Aug. 14  
Carrington Investments Aug. 14  
Ferry Pickering Sept. 24  
Imry Property Aug. 13  
Webb (Joseph) Aug. 13  
Amended.

## Sekers selling property to help cut borrowings

A review of properties belonging to Sekers International has been made, particularly those in London where space costs remain high, Mr. Gordon Hay, chairman, says in his annual report.

It is already evident that the group should be able to realise part of its leasehold premises during the current year with a substantial excess over book values, says Mr. Hay.

The integration of the David Evans Group is progressing satisfactorily, with demand remaining high for their woven and printed silk fabrics for the menswear trade, particularly in the U.S., despite currently unfavourable exchange rates.

For the year ended March 31, 1980, pre-tax profits amounted to £401,000, against £472,000 on turnover of £8.68m (£7.34m).

The results included David Evans from January 4 and the contribution was in line with expectations at the time of acquisition.

The year-end balance-sheet shows bank overdrafts of £3.3m against £904,000 in the previous year. Included is some £600,000 representing the cash element of the purchase consideration for David Evans, plus interest.

The chairman says negotiations are in hand to convert this and a significant proportion of the overall facility into longer-term loans. It is expected that group borrowings will be reduced in the current year, assisted in part by the property realisations.

Meeting, Comnaught Rooms, W.C., September 9 at noon.

## Offer for sale fails to catch Scottish fishermen's interest

THE offer for sale by the Fishermen's Petroleum Company—a vehicle to provide an opportunity for Scottish fishermen to participate in North Sea exploration—was undersubscribed when lists closed. The offer of 600,000 shares at £1 each attracted applications for 300,400 shares.

The offer, which was not underwritten, was open only to individuals or companies involved in the Scottish fishing industry.

As a result of the offer's partial success, the company has now been offered a 3 per cent stake in a consortium which plans to apply for one or more licences to the Seventh Round of North Sea licensing. The company originally envisaged a stake of up to 4 per cent if the offer was fully subscribed.

The operator of the consortium will be Kerr-McGee which will take a 45 per cent interest. The remaining 55 per cent will be held by UK companies.

If the company succeeds in obtaining a licence it will seek to have its shares traded under Stock Exchange Rule 163(3)—a rule specifically applying to exploration companies. It is hoped that dealing could commence at the beginning of 1981.

If no blocks are offered to the consortium or if the terms should "unexpectedly prove not acceptable" the company will return the funds to subscribers together with accrued interest.

## Birmingham Mint to expand production

THE re-equipment programme at the Birmingham Mint will yield benefits in terms of improved productivity, while at the same time providing substantial additional capacity for expanded production of coins and blanks, Mr. B. J. Bard, chairman, tells shareholders.

Some £1.5m is being invested in the programme, due for completion this year, and is mainly for a new rolling mill, together with associated blanking, cleaning and annealing plant.

Despite this expenditure, the balance sheet shows sufficient liquid funds to take advantage of further opportunities for expansion, the chairman says.

In the year ended March 29, 1980, pre-tax profits improved from £589,666 to £910,525 from turnover of £10.82m compared with £10.59m. CCA profits are cut to £530,000 after adjustments for cost of sales £45,000, monetary working capital, £81,000 and depreciation, £255,000.

The balance sheet shows reserves of £2.74m (£2.29m) with short-term deposits of £599,995 (£1.28m) and bank balances and cash of £36,248 (£29,011).

Since the year-end, Mint Components has been closed. This subsidiary which made trim and nameplates for consumer durables suffered severely from reduced activity in the UK domestic appliance industry.

Costs of closure amounting to £75,000 are provided as extraordinary items in the 1979-80 accounts.

Meeting, Birmingham, September 4, at noon.

## G. M. Firth balance sheet shows improving trend

The increase of net tangible assets to 86p per share, supported by net current assets of £2m and in particular cash amounting to £1.16m—44p per share—are disclosed by Mr. G. M. Leadbeater, chairman of G. M. Firth (Metals) Bradford steel stockholders, in his annual statement for the year to March 31, 1980.

"When considering this substantial strength your will perhaps share your directors' dissatisfaction with the prevailing share price," says Mr. Leadbeater.

"We continue to put liquidity before growth and we will go on doing so until we see the returns available matching, generally, the risks involved."

The chairman says he has no doubt that the policies the group has been following for some time are "right."

"This is not to say that profits cannot be made in steel and in those areas where we believe this is possible, we still trade actively," Mr. Leadbeater adds.

Mr. Leadbeater says that the group's property business develops steadily, "though we are mindful of the economic climate and we are careful to stay in geographical areas we know well."

Profits before tax for the year ended March 31, 1980, amounted to £177,156 compared with £183,560. Turnover was £5.7m against £7.26m. Steel stockholding and merchanting contributed £3.48m of turnover and some £141,225 to profit while property

dealing contribution was £211,922 and £255,831.

The balance sheet shows cash at bank and in hand of £1.16m (£341,578), while total share capital and reserves stand at £2.3m (£2.2m).

## BRITISH NATIONAL LIFE INSURANCE

AGREEMENT IN principle has been reached under which Armo—inc subsidiary British National Life Insurance Society, would acquire Fincheast Corporation's two London-based subsidiaries, North Atlantic Insurance Company, and North Atlantic Management Company.

North Atlantic Insurance underwrites property and casualty reinsurance and is managed by NAMC.

Armo of Ohio which is a diversified steelmaker, fabricator, oilfield equipment manufacturer and financial services company was advised by Bankers Trust International which also initiated the deal.

## Fall in imports 'helping balance of payments'

BY DAVID MARSH

THE FALL in demand for imports caused by the recession is expected to swing Britain's balance of payments on current account into a small surplus this year, which is likely to increase in 1981, according to the Henley Centre for Forecasting.

The Centre identifies this as one of the few bright spots on the economic horizon. It forecasts in its latest report that there will be no significant upturn in the economy until the end of next year, with recorded unemployment likely to exceed 2m for most of 1981. Output is expected to rise only 0.2 per cent next year, after a drop of more than 2 per cent in 1980.

The Centre also sounds a warning note on inflation. The year-on-year increase in retail prices is likely to have slowed to 17 per cent last month. It believes, as a result of last year's VAT rise dropping out of the annual comparison.

But inflation is still expected to remain above 13 per cent during the next 18 months. This mainly reflects the forecasting group's belief that sterling will fall significantly from its present high level and that unit labour costs for the economy as a whole will rise 14.5 per cent

next year.

Stockbroking firm Laing and Cruickshank, in its latest economic review, is optimistic about the inflation outlook, mainly because of its assumption that sterling will remain strong. It forecasts a drop in the annual rate to 11 per cent by 1981, although it thinks there is only a small chance of a further sharp fall in 1982.

The firm believes the twin impact of recession and high interest rates will have a further debilitating effect on corporate liquidity next year. Laing and Cruickshank suggests that one way to prevent increased company borrowing from inflating the money supply would be through a rebirth of the corporate debenture market, under which companies raise long-term fixed interest loans from outside the banking sector.

On interest rates, the brokers predict that Minimum Lending Rate will still be reduced to 14 per cent by the end of the year, in spite of the 5 per cent increase in money supply last month. There will, however, be no collapse in interest rates along the lines of the dramatic fall in the U.S.

## Public Works Loan Board rates

Effective from August 9		Non-quota loans A* repaid at maturity		Non-quota loans B* repaid at maturity	
Years	by EPT	by EPT	by EPT	by EPT	by EPT
Up to 5	13 1/2	13 1/2	14 1/2	14 1/2	14 1/2
Over 5, up to 10	13 1/2	13 1/2	14 1/2	14 1/2	14 1/2
Over 10, up to 15	13 1/2	13 1/2	14 1/2	14 1/2	14 1/2
Over 15, up to 20	13 1/2	13 1/2	14 1/2	14 1/2	14 1/2
Over 20	13 1/2	13 1/2	14 1/2	14 1/2	14 1/2

\* Non-quota loans A are 1 per cent higher in each case than non-quota loans B. \* Equal instalments of principal. \* Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). \* With half-yearly payment of interest only.

L.G. Index December Sterling \$2,320.02/\$380. Our clients speculate, free of tax, in very small to very large amounts, on—

1. London Traded commodities, including GOLD.  
2. The STERLING/DOLLAR exchange rate.

L.G. Index Limited, 73, The Chase, SW4 6NP. Tel: 01-622 9192

CORAL INDEX: Close 481-486 (+4)

## M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB		Telephone 01-621 1212	
2000's capitalisation	Company	Last Change Gross price on week Div (p)	Yield %
3,054	Airproduct	53	8.7
575	Armstrong and Rhodes	120	8.7
9,771	Barton Hill	180 + 3	8.7
750	County Cars 10.7% P.F.	75	15.3
6,827	Deborah Ord	98	5.0
4,574	Frank Marshall	121	7.9
10,545	Frederick Price	72	11.0
1,959	George Blair	92	18.5
2,075	Jackson Group	83	6.0
16,538	James Burrough	122	7.9
3,060	Robert Jenkins	300 + 5	31.3
3,415	Torday	222	15.1
2,351	Twinkl Ord	11	14
2,330	Twinkl 15% U.S.	85	15.0
6,137	Uniflow Holdings	47	3.0
1,056	Uniflow Holdings New	48	3.0
12,389	Walter Alexander	58	8.7
5,648	W. S. Yeates	242 + 2	12.1

\* Accounts prepared under provisions of SSAP 15.

This advertisement complies with the requirements of the Council of The Stock Exchange.

## GTE FINANCE N.V.

(Incorporated with limited liability in the Netherlands Antilles)

**U.S.\$50,000,000**  
**Floating Rate Notes due 1987**  
**Convertible into 10% Bonds due 1992**  
**Issue Price 100%**

The following have agreed to subscribe or procure subscribers for the Notes:

Orion Bank Limited  
Banque Internationale à Luxembourg S.A.  
Banque Nationale de Paris  
Berliner Handels- und Frankfurter Bank  
Blyth Eastman Paine Webber International Limited  
Commerzbank Aktiengesellschaft  
Continental Illinois Limited  
European Banking Company Limited  
Manufacturers Hanover Limited  
Société Générale  
Société Générale de Banque S.A.

The Notes constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange, subject, in the case of the Notes, only to the issue of the Temporary Global Note and, in the case of the Bonds, only to their issue.

Particulars of the Issuer, the Notes and the Bonds will be available in the Exel Statistical Service and may be obtained during usual business hours up to and including August 26, 1980 from—

Orion Bank Limited,  
1 London Wall,  
London EC2Y 5JX

and  
Cazenove & Co.,  
12 Tokenhouse Yard,  
London EC2R 7AN

This announcement appears as a matter of record only

**ennia** nv

the Hague, the Netherlands

**Dfls 75,000,000**

**10 1/4 % Bearer Bonds 1980 due 1986/1990**

Amsterdam—Rotterdam Bank N.V. Algemeene Bank Nederland N.V.  
Nederlandse Middenstandsbank N.V.  
Pierson, Heldring & Pierson N.V.  
Bank Mees & Hops NV  
Nederlandse Credietbank N.V.  
N.V. Slavenburg's Bank  
Bank Van der Hoop Offers N.V.  
Centrale Rabobank

Deutsche Bank Aktiengesellschaft

Swiss Bank Corporation (Overseas) Limited

Kredietbank N.V.

August 4, 1980

## WORLDWIDE FUND LIMITED

Net Asset Value per \$1 share  
as at 31st July, 1980,  
\$19.82  
A commodity futures  
trading fund

## SONATRACH

U.S.\$25,000,000

**GUARANTEED FLOATING RATE NOTES**  
**DUE 1987**

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 11 1/2 per cent per annum for the third interest period from 11th August 1980 to 11th February 1981. The interest payable on the third payment date, 11th February 1981, will be US\$ 57.18 per Note.

Reference Agent:

**CREDIT LYONNAIS**  
Singapore Branch



## FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 29.8.80.

Term (years)	3	4	5	6	7	8	9	10
Interest %	13	13	13	13	13	13	13	13

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 81 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 367). Cheques payable to "Bank of England, s/c FFI". FFI is the holding company for ICFC and FCI.

## HIGHVELD

STEEL AND VANADIUM CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

## DECLARATION OF DIVIDEND NO. 12 (Final)

NOTICE IS HEREBY GIVEN that dividend No. 12 of 20 cents a share, being the final dividend for the year to June 30 1980 has been declared payable to shareholders registered in the books of the corporation at the close of business on August 29 1980. This dividend, together with the interim dividend of 9 cents a share declared on February 1 1980 makes a total of 29 cents a share for the year (1979: 20 cents).

The dividend is declared in the currency of the Republic of South Africa. Dividend warrants will be posted from the office of the transfer secretaries on or about October 2 1980.

Any change of address or dividend instruction to apply to this dividend must be received by the corporation's transfer secretaries not later than August 29 1980. Shareholders must, where necessary, have obtained the approval of the South African Exchange Control authorities and, if applicable, the approval of any other exchange control authorities having jurisdiction in respect of such changes.

The share transfer register and register of members will be closed from August 30 to September 12 1980, both days included.

In terms of the Republic of South Africa Income Tax Act, 1962, as amended, non-resident shareholders' tax will be deducted by the corporation from dividends payable to those shareholders whose addresses in the share register are outside the Republic. The effective rate of non-resident shareholders' tax is 15 per cent.

The abridged audited consolidated income statement of the corporation and its subsidiaries for the year to June 30 1980, is as follows:—

	1980	1979
Turnover	323 584	268 411
Profit for the year before taxation	70 105	43 365
Less: taxation	24 328	14 856
Less: outside shareholders' interests	45 777	28 708
Attributable profit	1 879	1 412
Interim dividend No. 11 of 9 cents a share (1979—No. 9 (interim) of 6 cents)	43 898	27 207
Provision for dividend No. 12 (final) of 20 cents a share (1979—No. 10 (final) of 14 cents)	6 114	4 068
Retained earnings for the year	13 586	9 487
Number of shares in issue at June 30	24 193	13 744
Taxed earnings per share for the year	67 933 770	67 763 270
Dividend per share for the year	64.6c	40.3c
	29.8c	20.0c

The group annual report will be published on or about September 16 1980.

By order of the Board  
A. J. L. Pretorius  
Company Secretary

Transfer Secretaries:  
Consolidated Share Registrars Limited  
62 Marshall Street  
Johannesburg 2001  
(P.O. Box 61051  
Marshalltown 2107)

Withbank  
August 9 1980

Registered Office:  
Portion 29 of the Farm  
Schoongezicht No. 306 S.S.  
District Witbank  
(P.O. Box 111, Witbank 1035)

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## APPOINTMENTS

## New post at National Freight

Mr. K. E. H. Cook has been appointed to the new position of director of administration of the NATIONAL FREIGHT CORPORATION and will be responsible for administrative and technical services and centralised activities in engineering and purchasing. He was previously director of technical and overseas affairs. He now relinquishes responsibilities for the Corporation's overseas interests which have been taken over by Mr. E. A. (Ted) Wall, managing director of National Freight Corporation (International). Mr. Wall joins the Corporation's executive committee.

**COMPACT ACCOUNTING SERVICES**, systems and software consultants, have appointed Mr. Tom Blumensaat and Mr. Colin Morgan as non-executive directors. Mr. Blumensaat was chairman of Gilhouette (London) and Mr. Morgan was finance director of Booker Export Services and

Financial Paper and Board Services. Mr. Thomas Jago has been appointed divisional managing director of SMURFIT PAPER AND BOARD division. The division, which is one of the main operating areas of the Jefferson Smurfit Group, incorporates the entire UK and Irish paper mills and waste paper operations.

Mr. A. D. Munro has been appointed a director of PERMUTIT-BOSBY PORTALS WATER TREATMENT, with special responsibility for Stella Meta Filters division.

Mr. Howard Franklin has been appointed company secretary of AMPLICON ELECTRONICS. Mr. Peter Wood has been made a director of AMPLICON MICRO SYSTEMS.

Mr. Mike Buist and Mr. Allan Ramsey have been appointed to the board of EMI FILM DIS-

TRIBUTORS OVERSEAS. Mr. Buist is director of feature marketing and Mr. Ramsey controls the company's technical department.

Mr. J. Casanova has been appointed London representative of BANCO NACIONAL ULTRAMARINO succeeding Mr. L. dos Santos, who will take new responsibilities with Macau branch of the bank.

Mr. R. A. Crouch has been appointed a director of HARTLEY COOPER AND CO., insurance brokers.

Mr. G. R. Slater has been appointed a director of ASSOCIATED LEISURE SALES, retaining his directorship of Phonographic Hire. Mr. C. A. Colebrook has been appointed a director of Phonographic Hire (North West)—a new company formed to service customers in the north-west from the premises at Winwick Street, Warrington.

## WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interim or final. The sub-divisions shown below are based mainly on last year's timetable.

**COMPANY MEETINGS—**  
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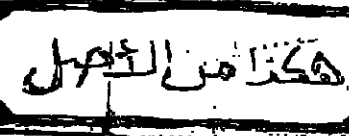
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## INSURANCE



## Pressure to enshrine damage cover in law

OUR compulsory motor insurance laws have stood the test of 50 years with remarkably little change—a fact which redounds to the credit of all concerned in the late 1920s when those laws were drawn up.

British law requires the person who causes or permits the use of a motor vehicle on the road to have insurance in respect of claims for death or injury for which he may be held legally liable arising out of that use. Nowadays this insurance applies for the benefit of passenger victims just as much as for other road users.

Behind the compulsory insurance laws stands the Motor Insurers Bureau, supported by the whole motor insurance market, companies and Lloyd's underwriters. The MIB ensures that the road accident victim gets compensation when the wrongdoer's vehicle is uninsured, or where the wrongdoer is unknown and untraced.

The compulsory insurance laws do not require the motorist to have damage liability insurance—though in practice, in 99.99 per cent of the policies issued in this country, damage liability insurance is provided. So far 50 years compulsory damage liability insurance has seemed unnecessary.

But pressures are mounting for insurers to submit to compulsion and these pressures come not primarily from the Department of Transport but from the EEC.

Britain must conform. It is

said, change its voluntary insurance practice to bring it in line with that of other EEC members, and motor insurers must be deprived of the right in the extreme case of providing injury liability cover only.

Not that this right is worth very much, nor will its loss cause motor insurers to sleep more uneasily. But insurers are reluctant to admit such a change, because compulsory damage liability insurance must pose difficult questions for the motor insurance market if not immediately, certainly in the longer term, over the extension of the Motor Insurers Bureau's obligations.

There is logic in the argument that if the injured victim of an uninsured motorist is entitled to compensation from the central fund, so should the damage victim, once damage liability insurance is made compulsory.

Likewise there is logic in the argument that if the injured victim of an uninsured motorist can get compensation, the damage victim should also.

It is these logical arguments that worry insurers—and should worry motorists because these arguments would decree that the motorist, who parks his car and finds it on his return damaged by an unknown vehicle, has a claim for that damage against the bureau's funds.

But those funds and the costs of administering those funds come from levies on motor insurers' premium income—in

other















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